

Part I

Management Discussion and Analysis

Mission and Organizational Structure

The Administration for Children and Families (ACF) and its partners—other Federal agencies, State, local, and Tribal governments, and the private sector—provide national leadership and create opportunities for low-income, disadvantaged families and individuals to lead economically and socially productive lives, for children to develop into healthy adults, and for communities to become more prosperous and supportive of their members. ACF oversees and finances a broad range of programs for children and families, including Native Americans, persons with developmental disabilities, refugees, and legalized aliens, to help them develop and grow toward a more independent, self-reliant life. These programs—carried out by State, Territorial, county, city, and Tribal governments, and public and private local agencies—are designed to promote stability, economic security, responsibility and self-sufficiency.

Some ACF programs assist families in financial crisis, emphasizing short-term financial assistance along with assistance in obtaining and maintaining employment. ACF coordinates development and implementation of family-centered strategies, policies, and linkages among its programs with other Federal and State programs serving children and families. Our efforts with partners enable families to avoid dependency or move from welfare to work through employment, education, training and quality child care services, coupled with short-term financial aid. ACF enforces child support and provides community development resources and other supports for low-income working families.

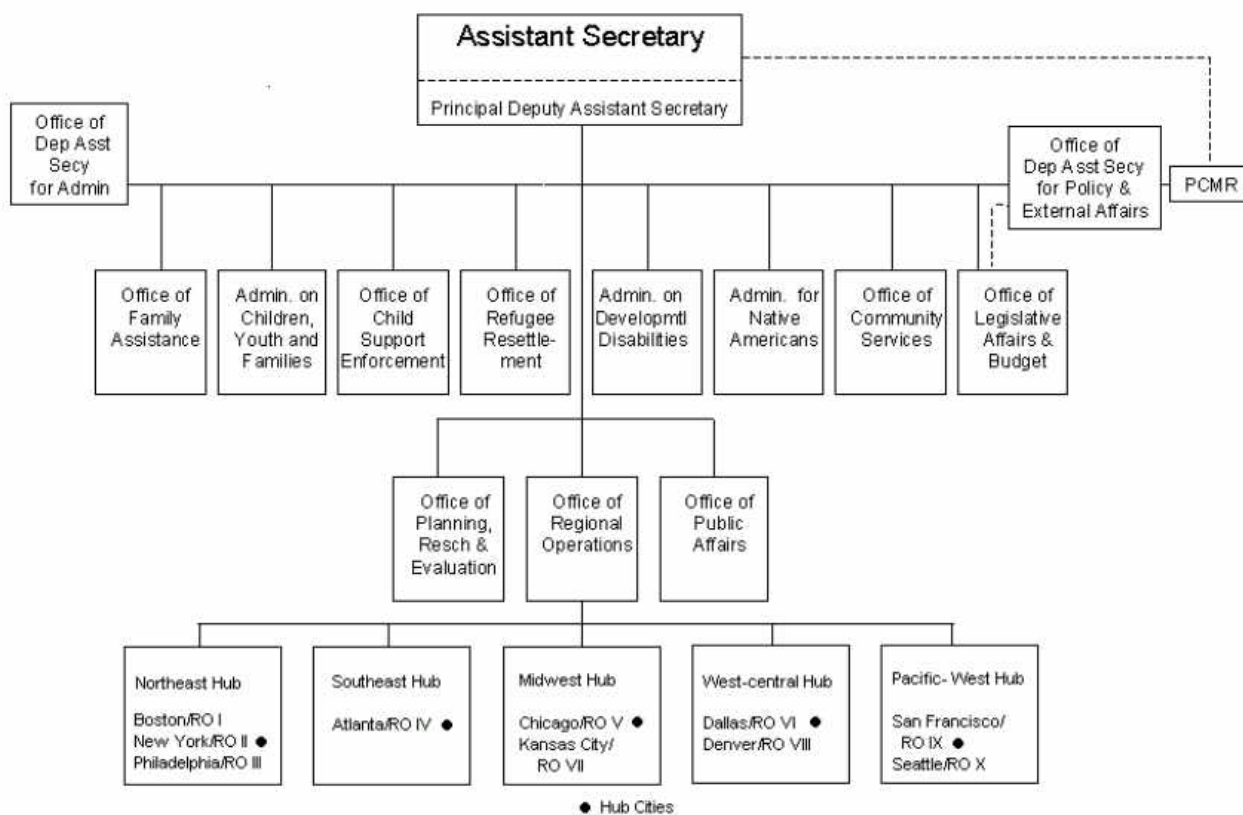
Programs for children and youth focus on those with special problems, including children of low-income families, abused and neglected children, those in institutions or requiring adoption or foster family services, runaway youth, children with disabilities, migrant children, and Native American children. Investments in sound growth and development for children, particularly those in low-income families, are basic to productive adulthood and citizenship. Early Head Start, Head Start, and quality child care programs for low-income children are essential to good health, early development and school readiness; before and after-school child care provide high quality programming and support for working families; and youth development programs provide positive growth opportunities for young people.

ACF promotes the development of comprehensive, integrated community and home-based service delivery where possible. Communities provide the context within which families may function well or poorly. ACF—along with numerous Federal, State, local, and private partners—is committed to economic development, linking community development strategies with comprehensive "people development" strategies to strengthen communities as a positive factor in the lives of residents.

ACF advises the Secretary on issues pertaining to children and families, including Native Americans, people with developmental disabilities, refugees and legalized aliens. ACF also conducts research; collects and analyzes program and financial data; prepares financial statements and budget documents; legislative proposals, and reports to Congress; issues regulations; publishes technical assistance materials; and develops the Annual Performance Plan as required by the

Government Performance and Results Act (GPRA). ACF staff administer and manage grant programs in both the headquarters and regional offices. ACF has its headquarters in Washington, D.C., with 10 regional offices across the country grouped into five regional hubs: Northeast, Southeast, Midwest, West-Central and Pacific-West. Hub sites are located in the five ACF regional offices that serve the largest caseloads (New York, Atlanta, Chicago, Dallas and San Francisco). In FY 2001, approximately 1500 FTE administered its programs.

Organizationally, ACF is divided into eight offices that manage grant programs: the Administration on Children, Youth and Families (ACYF), the Office of Family Assistance (OFA), the Office of Child Support Enforcement (OCSE), the Administration on Developmental Disabilities (ADD), the Administration for Native Americans (ANA), the Office of Community Services (OCS), the Office of Refugee Resettlement (ORR), and the Office of Planning, Research and Evaluation (OPRE). Five staff offices also carry out the mission of the agency: the Immediate Office of the Assistant Secretary (IOAS), the Office of Administration (OA), the Office of Regional Operations (ORO), the Office of Public Affairs (OPA) and the Office of Legislative Affairs and Budget (OLAB). An ACF organization chart follows.



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The Administration for Children and Families is responsible for more than sixty different programs. These programs and budget activities are consolidated into 14 major program areas (identified on the next page) to meet the requirements of GPRA. (OMB Circular A-11, 220.8 allows agencies to aggregate activities within a single P&F (program and financing) schedule, consolidate activities in

two or more P&F schedules, or disaggregate program activities in a P&F schedule into component parts of performance goals and indicators.)

- **Temporary Assistance for Needy Families (TANF)** block grant promotes work, responsibility and self-sufficiency and strengthens families through funding of State and Tribal-designed and administered programs that provide support to needy children and move their parents into work (administered by Office of Family Assistance and Tribal TANF administered by the Office of Community Services).
- **Developmental Disabilities** enhances the ability of persons with developmental disabilities to live, work and play in their communities through supporting State and other programs that develop, coordinate and stimulate permanent improvement in service systems, with priority to those whose needs are not otherwise met under other health, education and human services programs (administered by Administration on Developmental Disabilities).
- **Refugee Resettlement** assists refugees and entrants who are admitted into the United States to become employed and self-sufficient as quickly as possible, providing grants to States and other grantees for employment-related services, social adjustment, transitional cash and medical assistance, and other services (administered by Office of Refugee Resettlement).
- **Social Services Block Grant (SSBG)** supports a variety of social services tailored to supplement State investments in the self-sufficiency and well being of low-income populations. SSBG funds also help improve and integrate services, create community-based partnerships, and stimulate innovations (administered by Office of Community Services).
- **Assets for Independence Demonstration (Individual Development Account) Program** establishes demonstration projects to determine the effects of providing an incentive to accumulate assets in individual development accounts to low-income individuals and families to increase their economic self-sufficiency (administered by Office of Community Services).
- **Child Support** locates parents, establishes paternity and support obligations and modifies and enforces those obligations to assure financial support is available to children. This work is done through State agencies that administer the program (administered by Office of Child Support Enforcement).
- **Child Care** provides grants to States to assist low-income working families who need child care that is safe, affordable and of high quality (administered by Child Care Bureau).
- **Head Start** provides comprehensive child development services to children and families, primarily for preschoolers from low-income families, through grants to local public and private nonprofit agencies (administered by Head Start Bureau).
- **Child Welfare** funds State child abuse and neglect prevention and child welfare programs that assist at-risk children and their families in achieving safety, permanence, and well-being through preventive interventions to strengthen the family unit; foster care for children who cannot remain safely at home, adoption assistance to move children more rapidly from foster care to safe, permanent homes; and reunification services to return the child to the home if in the child's best interest (administered by the U.S. Children's Bureau).
- **Youth Programs** support local agencies that provide shelter, improve life prospects, and reduce high-risk behavior and sexual abuse of runaway, homeless and street youth, providing alternative activities, safe passages, and the tools needed to move successfully to adulthood. A major focus is on disseminating best practices and building partnerships in all areas of positive youth development (administered by Family and Youth Services Bureau).

- **Community Services Block Grant** provides an array of social services and programs through flexible block grant funding at the State and local level to assist low-income individuals and alleviate the causes and conditions of poverty (administered by Office of Community Services).
- **Family Violence Prevention Program** supports State and local programs and projects to prevent family violence and provide immediate shelter and assistance for the victims of family violence and their dependents through grants to States and State domestic violence coalitions for Battered Women's Shelters; and funds the National Domestic Violence Hotline and several national resource centers (administered by Office of Community Services).
- **Low-Income Home Energy Assistance** assists low-income households meet the costs of heating and cooling their homes through block grants and emergency contingency funds to States, Indian Tribes, and insular areas which target assistance to low-income households with high energy burdens and vulnerable members (administered by Office of Community Services).
- **Native Americans Programs** promote economic and social self-sufficiency of American Indians, Alaskan Natives, Native Hawaiians, and Native Pacific Islanders by supporting programs and encouraging local strategies in economic and social development (administered by Administration for Native Americans).

Where ACF's budget structure is a program-activity based account structure, the annual GPRA performance plan organizes these budget activities using aggregation and consolidation into the 14 major program areas under the appropriate strategic goals and objectives. ACF has identified eight program objectives to provide a framework for individual programs and program activities to achieve the four ACF crosscutting strategic goals. A number of program areas, budget line items and their associated funds apply to more than one strategic goal or objective.

In the crosswalk table that follows, these program areas and line items have been listed under each relevant goal/objective:

ACF FY 2001 GPRA Goals-Programs/Budget Line Items Crosswalk

GPRA Strategic Goals/Objectives & Major GPRA Program Areas	Program/Budget Line Items
I. INCREASE ECONOMIC INDEPENDENCE & PRODUCTIVITY FOR FAMILIES (1-4)	
1. Increase Employment	
Temporary Assistance to Needy Families (TANF)	State Family Assistance Grants (TANF)
	Family Assistance Grants to Territories
	Matching Grants to Territories
	Tribal Work Programs
	Social Services Research
	State and Local Welfare Administration
	TANF Bonus for Decreased Illegitimacy
	TANF High Performance Bonus Reward
	Training and Technical Assistance
	Emergency Assistance
	Welfare Research
Refugee Resettlement	Transitional, Med Svcs - Refugee Resettlement
	Employment Services - Refugee Resettlement
	Targeted Assistance – Refugee Resettlement
	Preventive Health – Refugees
	Victims of Torture
	Victims of Trafficking
	Repatriation
Social Services Block Grant (SSBG)	Social Services Block Grant
Developmental Disabilities	Developmental Disabilities (DD) State Grants
2. Increase Independent Living	
Developmental Disabilities	DD State Grants
	DD – Protection and Advocacy
	DD – University Affiliated Projects
	DD – Special Projects
	Social Services Research
Assets for Independence Demo (Individual Development Account)	Individual Development Accounts
3. Increase Parental Responsibility	
Child Support	Federal Incentive Payments - Child Support
	State Administrative Costs - Child Support
	Federal Parent Locator Service
	Access and Visitation - Child Support
	CSE Hold Harmless
	Payments to Territories
	Social Services Research

ACF FY 2001 GPRA Goals-Programs/Budget Line Items Crosswalk

GPRA Strategic Goals/Objectives & Major GPRA Program Areas	Program/Budget Line Items
4. Increase Affordable Child Care	
Child Care	Child Care and Development Block Grant Social Services Research Child Care Mandatory Child Care Matching Tribal Mandatory AFDC/JOBS Child Care Research and Evaluation Fund Training & Tech. Assist.-CC Entitlement Early Learning Fund
II. IMPROVE HEALTHY DEVELOPMENT, SAFETY & WELL-BEING OF CHILDREN & YOUTH (5-7)	
	Head Start
5. Increase the Quality of Child Care to Promote Early Childhood Development	
Head Start	Head Start
Child Care	Child Care and Development Block Grant Child Care Entitlement Research and Evaluation Fund Child Care Matching Training & Tech. Assist.-CC Entitlement Social Service Research
6. Improve the Health Status of Children	
Head Start	Head Start
7. Increase Safety & Well-Being of Children & Youth	
Child Welfare	Adoption Assistance Adoption Opportunities Adoption Incentives Child Welfare Services Promoting Safe and Stable Families Foster Care Child Welfare Training Child Welfare Longitudinal Study Training/Tech Assistance - CRTA Child Abuse State Grants Abandoned Infants Community-Based Resource Centers Child Abuse Discretionary
Youth Programs	Independent Living/Foster Care/Adoptions Runaway and Homeless Youth (RHY) Transitional Living: Homeless Youth Ed/Prevention: RHY Sexual Abuse
Developmental Disabilities	DD - State Grants DD - Protection and Advocacy Social Services Research

ACF FY 2001 GPRA Goals-Programs/Budget Line Items Crosswalk	
GPRA Strategic Goals/Objectives & Major GPRA Program Areas	Program/Budget Line Items
III. INCREASE HEALTH & PROSPERITY OF COMMUNITIES AND TRIBES (8)	
8. Build Healthy, Safe & Supportive Communities and Tribes	
Community Services Block Grant	Community Services Block Grant National Youth Sports Program Community Food and Nutrition Community Services Discretionary Social Services Research
Family Violence Prevention Program	Family Violence Prevention Domestic Violence Hotline DD – Protection and Advocacy
Developmental Disabilities	LIHEAP
Low-Income Home Energy Program (LIHEAP)	Social Services Research
Native Americans Programs	Native Americans Programs
IV. BUILD A RESULTS-ORIENTED ORGANIZATION (9-10)	
9. Streamline ACF Organizational Layers	Federal Administration
10. Improve Automated Data and Management Systems	Federal Administration

Budgetary Highlights

The Congress does not provide funding for the individual ACF programs by the fourteen major programs. To understand the funding for each major program area, it is necessary to examine the FY 2001 Congressional appropriations for each of ACF's budget accounts. In FY 2001, Congress appropriated total funding (net of \$25.2 million in rescissions and transfers) of \$43.4 billion to these accounts as follows:

Appropriations Provided to Budget Accounts by the Congress

(Dollars in Millions)

Family Support Payments to States (Child Support and TANF Predecessors)	\$3,320.8
Low-Income Home Energy Assistance	2,000.0
Refugee Resettlement	428.1
Promoting Safe & Stable Families	305.0
Child Care & Development Block Grant	1,993.1
Social Services Block Grant	1,725.0
Children & Families Services Programs	7,956.1
Foster Care & Adoption Assistance	6,401.1
Child Care Entitlement	2,560.5
Temporary Assistance to Needy Families (TANF)	16,676.8
Children's Research and Technical Assistance	<u>39.7</u>
Total	<u>\$43,406.2</u>

FY 2001 funding for all ACF programs is approximately 10% of DHHS total appropriations. This amount represents direct appropriations for FY 2001.

The chart that follows combines the Congress' appropriations into the 14 ACF major GPRA program areas. Only funds actually appropriated for FY 2001 are shown on the following chart.

Distribution of Appropriated Funds—FY 2001

FY 2001 Program Group Appropriation (Dollars in Millions)

TANF	\$16,676.8
Develop. Disabilities	133.5
Refugee Resettlement	428.1
SSBG	1,725.0
OCSE	3,320.8
Child Care	4,553.6
Head Start	6,220.3
Child Welfare	7,214.3
Youth Programs	84.1
CSBG	657.7
Assets for Independence	24.9
Family Violence	119.1
LIHEAP	2,000.0
Native Americans	<u>46.0</u>
 Total	 <u>\$43,204.2</u>

An additional \$202 million was appropriated in FY 2001 for Social Services and Welfare Research and for Federal Administration of the above programs.

The above charts are limited to appropriations for program budget activities for FY 2001 for each major program area. Adding additional existing resources will give a true picture of the total resources available for each major program area. These additional resources are displayed in the Budget Resources section of the Statement of Budgetary Resources (see Financial Statements). They include the following:

	<u>Dollars in Millions</u>
Available Budget Authority—all years	\$43,406
Unobligated balances, beginning of period	7,716
 Spending Authority from Offsetting Collections	 22
Adjustments (includes recovery of prior year obligations and funds permanently not available)	<u>(2,388)</u>
 Total Budgetary Resources	 \$48,756

Similarly, when looking at the full cost of (as opposed to resources for) ACF programs, it is necessary to factor in the unallocated amount of funds appropriated for Federal administration (salaries and benefits, etc.) of each major program, related research funding, and unexpended balances (obligated or unobligated) remaining from prior years. The table below displays the full cost in FY 2001 of ACF programs (based on program expenditures reported by grantees as of September 30, 2001), broken out by each of the 14 major GPRA program areas.

Statement of Net Cost--FY 2001
(Dollars in thousands)

Current Programs:	
Temporary Assistance to Needy Families	\$17,886,274
Developmental Disabilities	105,251
Refugee Resettlement	385,723
Social Services Block Grant	1,859,959
Child Support Enforcement	3,270,104
Child Care	4,118,955
Head Start	6,014,077
Child Welfare	7,014,178
Youth Programs	140,953
Community Services Programs	661,803
Family Violence Programs	30,233
Low-Income Home Energy Assistance	2,167,894
Native American Programs	29,956
Assets for Independence (IDA's)	908
Total Current Programs	<u>\$43,686,268</u>
Other Programs:	
Expired Programs - SLIAG	\$ 1
Community Schools	<u>(67)</u>
Total Other Programs	<u>\$ (66)</u>
Net Cost of Operations	<u>\$43,686,202</u>

Financial Performance and Analysis

The ACF Statement of Financial Position (its Balance Sheet) shows ACF assets and liabilities for the Agency as a whole. ACF is a grant-making organization that uses funds appropriated by the Congress to support authorized entitlement and discretionary programs. Grants are made available under ACF programs to State, county, territory, city and tribal governments as well as public and private local agencies.

The Statement of Financial Position reflects ACF's grants-awarding nature. As of September 30, 2001, ACF assets were almost completely fund balances with Treasury (99.99%)--the equivalent of cash in the bank (most of which, however, has already been committed to grantees). ACF assets also include trace amounts in advances, accounts receivable, and property and equipment.

ACF liabilities were minimal (less than 6 percent of total assets) at the end of FY 2001. They resulted mainly from grant liability advances (95% of total liabilities) which, in this case, is caused by an estimated accrual for expenses incurred by the grantee but not yet reported to ACF as of September 30, 2001. This accrual exists because ACF grantees report expenses on a cash basis, while the Financial Statements are on an accrual basis. Remaining FY 2001 liabilities are

minimal; for example, liability for deposit funds (2.2%), accounts payable (1.5%), liability for accrued leave (0.6%), accrued payroll and benefits (0.4%), and worker's compensation (0.3%).

The ACF net position is derived from unexpended appropriations, very slightly offset by the cumulative results of operations. Unexpended appropriations consist of undelivered orders (obligated funds for services not yet received) and unobligated funds. Cumulative results of operations represent the Agency's equity, that is, the net difference between its expenses and its financing sources, over the most recent five year period. The negative amount of cumulative results of operations is due primarily to unfunded expenses that will be funded in future periods.

Funding for the Agency as a whole has increased as compared to last year, with the largest increases in key programs like Head Start and Low Income Home Energy Assistance (LIHEAP). The Head Start program is expected to provide services to an additional 60,000 children including approximately 10,000 Early Head Start children. The increase in LIHEAP funding consists of emergency contingency funds to assist families with this winter's energy bills. Funding for Federal administration has increased slightly over last year. The increase is to be used to assist Tribes with TANF and Child Support Enforcement activities, to manage the increase in the number of new Head Start and Early Head Start grantees, and to implement the Administration's Child Care Initiative.

ACF pays almost all of its grants through the Department's Payment Management System (PMS). This system electronically transfers funding to grant recipients. ACF's use of PMS has been critical to insuring a strong performance record under the Cash Management Improvement Act (CMIA). This Act and its implementing regulations govern when funds are drawn down by States and are intended to insure that neither the Federal government nor States should benefit from use of the cash. Equally strong is the record of prompt payment for ACF vendors, which are paid by the Department's Program Support Center (PSC).

FINANCIAL MANAGEMENT PERFORMANCE

Accomplishment

ACF achieved a clean ("unqualified") opinion from the auditors on the FY 1999, FY 2000, and FY 2001 Financial Statements (after three prior years of "qualified" opinions). This continued success can be attributed to strong leadership from the Assistant Secretary, and the commitment, cooperation and tireless efforts of program and staff managers and employees in ACF; the Program Support Center (PSC); Office of the Assistant Secretary for Budget, Technology, and Finance; Office of the General Counsel; Office of Inspector General; and the audit firm of Clifton Gunderson LLP.

Debt Collection

ACF shares debt collection efforts with the Program Support Center (PSC). ACF identifies debts needing collection and, for entitlement grants, does the actual collection as well. Some debts are collected up front, through a grant offset, before a new grant is awarded; others are collected via a check from the grantee long after the initial grant was paid, and often after undergoing a protracted appeals process. For discretionary grants, the PSC is responsible for the actual collection after ACF identifies outstanding debts; again, these debts are often subject to appeals. Finally, the PSC manages the accounting records for both discretionary and entitlement debts which are collected. These debt collection efforts have allowed a low level of accounts

receivable to be maintained. ACF reported to the Department in the latest update to the annual CFO Report that we continue to forward 100 percent of all debts to the Program Support Center for cross-servicing. We do not anticipate any change in this activity.

There are different types of collection efforts: collection of child support delinquencies through the Internal Revenue Service's tax offset program and the Treasury Offset Program (TOP), pursuit of funds provided to repatriates under the Repatriation program, and collection of program and audit disallowances.

Federal Managers' Financial Integrity Act

In the FY 2001 Annual FMFIA Report, the Assistant Secretary provided reasonable assurance to the Secretary that, taken as a whole, ACF is in compliance with the requirements and responsibilities of the Federal Managers' Financial Integrity Act. Senior managers were able to provide certification to the Assistant Secretary that with the exception of a few problem areas where improvements are being implemented, ACF management controls are adequately maintained.

President Bush's Management Agenda

ACF is involved in many activities that support the President's reform initiatives. These are discussed in some detail later in this report under Goal 4.

Limitations of the Financial Statements

- The Financial Statements (the Statements) have been prepared to report the financial position and results of operations of ACF, pursuant to the requirements of 31 U.S.C. 3515(b).
- While the Statements have been prepared from the books and records of ACF and its accounting body--the Program Support Center--in accordance with the formats prescribed by OMB, the Statements are in addition to the financial reports used to monitor and control budgetary resources.
- The Statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

Program Profile and Performance

ACF's programs are administered in a complex partnership environment in which varying Federal, State, local, non-profit and community-based funding sources develop and carry out programs, deliver services and strive to attain goals. The relationships, funding mechanisms and degrees of autonomy vary from program to program. A primary challenge is to collaborate with partners in crafting effective policies and programs that satisfy mutually agreed upon objectives.

States and Local Organizations: ACF programs have worked intensively with their partners and have made substantial progress in recent years towards a measurable results framework with performance measures and outcomes for operating programs. Results-oriented partnership agreements and targets have been negotiated with individual States. Each program has developed an individualized process for engaging partners in goal setting and definition of measures and targets that are meaningful and useful at the State and local community level. For example, ACF undertook a legislatively-mandated, partner-oriented process to develop the measures and funding formula under which we would award TANF high performance bonuses to States. Also, the child support program developed with States a national strategic plan, with indicators and targets. The refugee program involved both State refugee programs and community-based service organizations in the development of measures and targets. In some programs, such as child care, which were new but had no mandated requirement for consultation like TANF, a preliminary set of proxy measures was developed for the first GPRA planning years, while the program undertook a consensus-building process with the partnership constituencies.

Collaboration with Federal Partners: Across DHHS, a large number of programs share related objectives. For example, the ACF Annual Performance Plan links directly with three of the DHHS Strategic Goals as illustrated by the chart on the following page. The programs, which support each of ACF's goals and objectives, are also indicated.

Many DHHS programs also share related goals and responsibilities with other Federal agencies. Therefore, both internal and external coordination is necessary to administer programs effectively. Interagency consultation has taken place across programs within ACF, (e.g., child care and Head Start, child support and TANF) and within DHHS (e.g., between TANF and Medicaid) through seminars and forums convened by the Office of the Assistant Secretary for Budget, Technology, and Finance (ASBTF) and the Office of the Assistant Secretary for Planning and Evaluation (ASPE).

Special efforts have been directed to assuring that children have access to health and child development services. Head Start and the Child Care Bureau work with DHHS health agencies, e.g., the Maternal and Child Health Bureau, community Health Centers, the Substance Abuse

DHHS STRATEGIC GOALS/Objectives	ACF STRATEGIC GOALS Objectives/Programs
GOAL 2: IMPROVE THE ECONOMIC AND SOCIAL WELL-BEING OF INDIVIDUALS, FAMILIES AND COMMUNITIES IN THE UNITED STATES 2.1 <i>Increase the economic independence of low-income families including those receiving welfare</i>	GOAL 1: INCREASE ECONOMIC INDEPENDENCE AND PRODUCTIVITY FOR FAMILIES 1. <i>Increase employment</i> Temporary Assistance for Needy Families Developmental Disabilities: Employment Refugee Resettlement Social Services Block Grant 2. <i>Increase independent living</i> Developmental Disabilities: Housing Assets for Independence 4. <i>Increase affordable child care</i> Child Care: Affordability
2.2 <i>Increase the parental involvement and financial support of non-custodial parents in the lives of their children.</i>	3. <i>Increase parental responsibility</i> Child Support
2.3 <i>Improve the healthy development and learning readiness of preschool children</i>	GOAL 2: IMPROVE HEALTHY DEVELOPMENT, SAFETY AND WELL-BEING OF CHILDREN AND YOUTH 5. <i>Increase the quality of child care to promote childhood development</i> Child Care: Quality Head Start 6. <i>Improve the health status of children</i> Head Start: Health Status
2.4 <i>Improve the safety and security of children and youth</i>	7. <i>Increase safety, permanency and well-being of children and youth</i> Child Welfare Developmental Disabilities: Education Developmental Disabilities: Health Youth Programs
2.6 <i>Increase independence and quality of life of persons with long-term care needs.</i>	2. <i>Increase independent living</i> <i>(see G.1.2. above)</i>
2.7 <i>Improve the economic and social development of distressed communities</i>	GOAL 3: INCREASE THE HEALTH AND PROSPERITY OF COMMUNITIES AND TRIBES 8. <i>Build healthy, safe and supportive communities and Tribes</i> Community Services Block Grant Family Violence Prevention Program Low-Income Home Energy Assistance Native Americans Programs
GOAL 3: IMPROVE ACCESS TO HEALTH SERVICES AND ENSURE THE INTEGRITY OF THE NATION'S HEALTH ENTITLEMENT AND SAFETY NET PROGRAMS 3.1 <i>Increase the percentage of the Nation's children and adults who have health insurance coverage</i>	6. <i>Improve the health status of children</i> <i>(see G.2.6 above)</i>
GOAL 4: IMPROVE THE QUALITY OF HEALTH CARE AND HUMAN SERVICES 4.4 <i>Develop knowledge that improves the quality and effectiveness of human services practice.</i>	(ACF research and demonstration program investments are targeted to improve the quality of services related to objectives 1-8.)
IMPROVE PERFORMANCE	GOAL 4: BUILD A RESULTS-ORIENTED ORGANIZATION 9. <i>Develop and retain a highly skilled, strongly motivated staff</i> 10. <i>Improve automated data and mgmt systems</i>

and Mental Health Services Administration (SAMSHA) and the Centers for Medicare and Medicaid Services (CMS) to assist with attaining health targets. For example, Child Care and Head Start coordinate with the Health Resources and Services Administration (HRSA) Maternal and Child Health program to improve health and safety in child care by creating strong links with health communities. Increasing the number of women who receive early and comprehensive prenatal care is among the salient goals of the Early Head Start program, which serves low-income families with infants and toddlers. ACF programs provide outreach for the State Child Health Insurance Program (SCHIP), which is administered by CMS. Head Start and Child Care jointly sponsor the QUILT (Quality in Linking Together) project that helps Head Start and Child Care grantees form program partnerships to provide high quality full-day, full-year early childhood services. Such coordination at the implementation and delivery level is producing significant results.

It has been challenging to identify crosscutting performance measures within ACF. Program data systems are operated by a diversity of grantee partners serving distinct populations. However, ACF has created networks, workgroups, and collaborative initiatives and events that cut across program boundaries and make major contributions to GPRA planning. For example, ACF has measures that link Child Care and Head Start, and Head Start with health outcomes. Additionally, ACF's Administration on Developmental Disabilities has GPRA measures that relate to housing, health services, employment and education. The Family Violence Prevention program has measures that focus on Tribes and the National Domestic Violence Hotline.

Given that ACF measures have been developed in collaboration with partners, the consultation process outside of ACF has been extensive, though more so with ACF's program partners, such as States and grantees, than with other Federal agencies. ACF works closely with Federal Departments such as Labor, Treasury, Education, Housing and Urban Development, Education and Transportation in implementing, operating and improving welfare reform, early child development, child care, child support, and other programs. Consultation with Federal agencies outside of DHHS on specific GPRA performance plan issues has not been a formal or rigid process. Program-specific data and measurement issues, as well as differing statutes and populations served, make identical performance measures impractical. However, ACF has found that intensive consultation and coordination on program design and objectives provide a climate for close alignment among programs with similar goals. Performance measurement issues are central to cross-agency discussions, e.g., identifying State unemployment records as a data source for TANF performance measures. There has been extensive programmatic collaboration, including TANF and welfare-to-work grants with the Department of Labor; Child Care and Head Start with the Department of Education; and Child Support Enforcement with the Departments of Justice, Treasury and Defense. These collaborations have helped develop results-oriented strategies that contribute to the success of performance goals.

Summary of 2001 Performance Success

GPRA has become an integral part of the everyday operation of the agency. ACF has been managing toward results since the early 1990's. In 1995, it instituted "*Achieving Success: Trends and Targets*," an annual report on a number of critical program measures which included goals for major programs, identified data sources and provided initial baselines and trend data later used

with partners at the State and local community level in identifying achievable targets. This report, first released in FY 1996 and updated annually through FY 1998, was part of a continuing commitment to share progress with partners, stakeholders, customers and the general public. Although many of these measures and targets have changed as a result of recent legislation and the creation of new programs, this summary data proved useful in assessing past performance.

ACF's leadership has made a commitment toward "stretch goals" that encourage programs toward measurably higher achievement, within realistic bounds. As this effort is in its early stages across government, continued experience should improve the relationship between planned targets and actual results. In a few programs, such as TANF and child support, goal achievement is linked by program statute to incentives and sanctions. In these cases, the process has been driven by a concern for realistic measures. Where an incentives system is not a factor, programs have been encouraged to increase targets with the understanding that shortfalls in achievement will be informative for assessing whether the target has been set too aggressively and what corrective actions should be taken.

Accomplishment

ACF's GPRA performance measures include incentives and increased expectations for single parents to gain employment; initiatives that ensure that children receive the support due from an absent parent; incentives to States to provide necessary supports to families to sustain their participation in the workforce and to provide quality child care; and efforts to find adoptive homes for children who need them. As a result, children and families are achieving greater family stability and economic security.

In 1997, seven priority results were selected from the performance plan to serve as a framework for articulating our mission-critical objectives across organizational boundaries and focusing work to achieve outcomes. These priority results include future-oriented, outcome-driven statements that challenged ACF staff to innovate and collaborate in seven areas: welfare reform, child support, child care, infants and toddlers, Head Start, child welfare and increasing our capacity to work with our partners. These priority results provide senior staff with targeted opportunities to collaborate on a number of selected mission-critical crosscutting activities.

In FY 1999, ACF launched a performance-based work planning system that incorporated the collective and individual responsibilities of ACF's leadership team to track agency-wide results. This work planning system linked each senior executive's performance directly to the seven priority areas accomplished under the work plans. The Priority Work Plans (also called Results Maps) are based on the outcomes identified in the GPRA performance plan for each priority area. They have been an invaluable tool for linking operational plans more closely with specific strategies, outcomes and results. In October 2000, three additional priority areas (youth, Tribal programs and domestic violence) were identified.

Accomplishments

ACF has been an active participant in cross-program efforts to develop broader indicators of child well-being, e.g., *Trends in the Well-being of America's Children and Youth*; *America's Children: Key National Indicators of Well-being*; *Health People 2010* and the Children's Indicator's Consortium study. ACF is committed to working collaboratively with its partners in the refinement of these broader performance measures and the identification of annual performance targets.

The Department awarded adoption incentive funds to the States increased adoptions above previously set baselines, putting the safety of children first in placement decisions and attaining swifter timeframes for permanent placement decisions. DHHS announced the third annual Adoption 2002 Excellence awards to individuals and organizations for giving abandoned, neglected, or abused children a loving family and a safe and nurturing home.

In December 2000, ACF awarded \$200 million in TANF high performance bonuses to the 28 States with the best records in moving parents on welfare into jobs and in sustaining their success in the workforce. This was the second year in which these bonuses were awarded.

Challenges

The diversity of programs, target populations, levels of government, and range of partners make efforts to establish and achieve goals and outcome measures extremely challenging. Over the past several years, ACF changed the way it measures the success of programs and implemented a major shift in the way it does business with partners. A changing role with States and grantees allowed ACF to re-examine the culture of the agency in ways that accelerated major reforms in many programs. In order to focus on results, ACF continues to work on updating performance information and strengthening partnerships with States and grantees by continuing to develop agreed-upon goals, measures and targets. Creating a mature set of performance goals and data collection strategies is a high priority. It takes considerable time to bring partners to the table, develop shared priorities and goals, address weaknesses in data collection and determine an optimum set of measures.

Data Issues: ACF relies on State administrative data systems for performance reporting because States and local community organizations administer most of our programs. For many programs, final reports are due ninety to 120 days after the fiscal year ends. In some cases, for example, in TANF where earnings gains are measured over a 9-month period after an individual obtains a job, the period is even longer. This time lag in receiving and validating data reports on actual achievements makes it difficult to provide a comprehensive summary of FY 2001 performance until late in FY 2002. The lack of readily available information and the restrictions on data collection inhibit performance measurement. Additionally, many of our programs rely on voluntary data reports, e.g., LIHEAP, Child Care, TANF, CSBG, and ADD. Fluctuations in the number of States and grantees reporting and the flexibility allowed in selecting measures continue to make the collection of consistent, reliable and verifiable data extremely challenging. Detailed information on program-specific data issues and requirements for data validation and verification are addressed in each of the fourteen program sections. ACF is currently working with the DHHS Data Council to assess unmet data needs for our major programs. ACF is committed to making additional investments in data collection and information systems.

Workforce Decreases and Program Responsibility Increases: Since 1992, our human capital resources have decreased by roughly 30% (from 2089 to 1532) while budget and program responsibility has increased by more than 50% (from less than \$30 billion to more than \$45 billion). This has created a very real challenge to meet increasing skill demands of an expanding workload and new program responsibilities.

Strategic Goal 1: Increase economic independence and productivity for families

Major Program Areas Under this goal: Temporary Assistance for Needy Families
Developmental Disabilities: General, Employment & Housing
Refugee Resettlement
Social Services Block Grant
Assets for Independence
Child Support Enforcement
Child Care: Affordability

1. Increase employment

Approach for the Strategic Objective: Increase employment and economic independence by reducing reliance on public welfare programs, providing job training and encouraging job creation. Focus on the abilities and skills of individuals, enabling them to be more self-sufficient and to pursue jobs in their communities.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

"The Personal Responsibility and Work Opportunity Reconciliation Act of 1996," (PRWORA) was enacted in 1996—a comprehensive, bipartisan welfare reform plan that dramatically changed the nation's welfare system into one that requires work in exchange for time-limited assistance. The Temporary Assistance for Needy Families (TANF) program replaced the former Aid to Families with Dependent Children (AFDC) and Job Opportunities and Basic Skills Training (JOBS) and Emergency Assistance (EA) programs, ending the Federal entitlement to assistance. In TANF, States and territories operate programs, and Tribes have the option to run their own programs. States, territories, and Tribes each receive a block grant allocation with a requirement on States to maintain a historical level of State spending known as maintenance of effort. The block grant covers benefits, administrative expenses, and services. States, territories, and Tribes determine eligibility and benefit levels and services provided to needy families.

ACF provides leadership to help State and Tribal governments as they design and implement their programs and move families from welfare to work, while protecting the well-being of children through child care and other services. PRWORA gives States great flexibility to design their TANF programs in ways that promote work, responsibility, and self-sufficiency and strengthen families. The law also limits the area that the Federal government may regulate. States may use TANF funding in any manner "reasonably calculated to accomplish the purposes of TANF." These purposes are: to provide assistance to needy families so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work and marriage; to prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

Accomplishments

Congress established work participation performance standards and created a High Performance Bonus (HPB) incentive system to facilitate the goal of moving recipients from welfare to work and self-sufficiency. Although HPB is voluntary, most States are participating. Forty-eight States and the District of Columbia competed for the FY 2000 HPB and \$200 million in awards were issued to 28 States in December 2000.

The strategies of requiring work and responsibility and rewarding families that have gone to work is paying off. Since welfare reform began there has been a dramatic increase in work participation among welfare recipients, both those with minimal and significant barriers. Case loads have dropped dramatically over the past five years due to States developing programs that provide significant supports to families as they move from welfare to work. Nationwide the rolls have fallen by more than half, from over 14 million in January 1993 to 5.4 million in June 2001. But the job is far from done.

Challenges

While record numbers of recipients are moving into work—many for the first time—the focus must be not only on individuals retaining jobs but also on them advancing up the career ladder.

While it is popularly thought that those still remaining on the welfare rolls will be much harder to become employable, new research suggests differently. If States are able to learn from and build upon experiences of their sister States with regard to what works and what doesn't in welfare reform, no family should be considered unemployable.

While States are beginning to develop programs to help fathers become a more involved and committed presence in their children's lives, much more needs to be done in this area. We must find innovative ways to recruit and then retain fathers into these programs. We must increase the attention given to the creation and maintenance of healthy families.

ACF implements a wide range of projects to help States produce the desired outcomes:

- Convening State leaders to educate them about the specifics of the law and offering them the opportunity to engage other legislators in their State or region in designing their respective programs;
- Providing technical assistance through contracts and grants, including a Peer Technical Assistance Network that provides support to States and localities to share expertise and proven experiences;
- Supporting initiatives to increase the availability of jobs for TANF recipients both in the private and public sectors, including Federal entry-level jobs;
- Developing a catalog and other sources of innovative practices and convening workshops and conferences to provide targeted technical assistance;
- Sponsoring research and convening conferences to discuss welfare reform research; and
- Conducting and encouraging training on the need for welfare agencies to draw on the broader resources of other government agencies, the private sector, and community-based organizations.

To accomplish these strategies, ACF is striving to improve its own performance by training employees in marketing, negotiating, and consulting; using and improving automated technology, databases, and electronic communication; and by implementing team-based work procedures. ACF worked with the Welfare-to-Work Partnership, supporting an employer forum to promote hiring welfare recipients. We have collaborated with Federal partners, including the Department of Labor, which implements the Welfare-to-Work grants and the Workforce Investment Act; the Department of Transportation, which administers the Access to Jobs programs; the Department of Education, which administers a variety of educational and vocational education programs helping prepare individuals to work; and the Department of Housing and Urban Development, which provides housing assistance for low-income families and works closely with many low-income communities. These efforts, at both the central and regional office levels, are directed at developing policy and guidance, convening conferences, and sharing resources. These partnerships resulted in joint technical assistance activities and models for States and communities on how to marshal resources across agency lines in support of families.

Within the Department, ACF works closely with many of its DHHS agencies. For example, ACF has collaborated with the Substance Abuse and Mental Health Services Administration (SAMHSA) for over two years on welfare reform issues jointly funding and developing seven conferences, issuing joint guidance and co-sponsoring publications. We collaborated on 10 targeted technical assistance meetings (one per region). ACF and SAMHSA have undertaken a joint initiative on substance abuse and tribal TANF. ACF has a working relationship with the Department's Office of Civil Rights and has developed and disseminated guidance on TANF and Disability, as well as guidance on limited English proficiency. We work closely with the Office of the Assistant Secretary for Planning and Evaluation (ASPE) on a variety of research projects.

<p><i>All States (100%) meet the TANF two parent work participation rates: Two parent families rate=90% work participation. [FY 1998 actual = 66% of States meet the 90% work participation rate; FY 1999 actual = 74%. FY 2000 data is expected to be available in December 2002.]</i></p>

Data Issues

There are three data sources for reporting on the proposed TANF performance targets. The first is TANF administrative data. The statute directs the Secretary to collect aggregated data

(caseload summaries) and disaggregated data (by individual and family) on the TANF program quarterly. ACF has developed an automated TANF data reporting system to collect this information. This system was established to collect data under the TANF final rule effective October 1, 1999. The TANF work participation data is also collected through this system. The consistency and validity of this State-reported data is assessed through system edits and consistency checks, special data computation runs, and data trend analysis. Within limited resources, ACF will be assessing the source data for the information supplied by States.

The second data source is the information in State Unemployment Insurance wage records. With respect to the employment measures, States have been given the option for the first three years of the HPB to collect this information through their administrative records or State Unemployment Insurance agency wage records (UI) or both. All States are using UI information with some supplementation of administrative record data. ACF conducted a study using data from ten States to assess the viability of using UI wage data for the HPB performance measures. ACF concluded that this database has a high degree of consistency and reliability across States, the costs are reasonable, and there is sufficient technical support to facilitate the data matches.

Third, under the HPB final rules governing the FY 2002 and FY 2003 bonus awards, we have specified the National Directory of New Hires (NDNH) as the sole data source for the HPB work measures. The NDNH contains UI wage data for all State and Federal employment wage data and is the sole data source for wage information for the HPB. States will provide recipient identifying information that will be matched against the NDNH database to obtain employment measurement data.

DEVELOPMENTAL DISABILITIES (GENERAL AND EMPLOYMENT)

There are nearly four million Americans with developmental disabilities. Developmental disabilities are severe, chronic disabilities attributable to mental and/or physical impairment which manifest before age 22 and are likely to continue indefinitely. They result in substantial limitations in three or more of the following areas: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency, as well as the continuous need for individually planned and coordinated services.

The major goal of the programs is to assist people with developmental disabilities to reach maximum potential through increased independence, productivity, and community integration. ACF's partnerships with State governments, local communities, and the private sector are comprehensive: prevention, diagnosis, early intervention, therapy, education, training, employment, and community living and leisure opportunities. Activities funded under this program focus on *eight areas of emphasis*: quality assurance, education and early intervention, child care, health, employment, housing, transportation and recreation activities.

The DD employment goal is: "Increase entry into and retention of employment for people with developmental disabilities consistent with their interests, abilities, and needs." This goal includes the following outcomes: "Students with developmental disabilities have vocational supports while in school and on the job, receive assistance in identifying and planning careers, and have access to employment and other work experiences including post-secondary opportunities that accommodate students with disabilities. Adults with developmental

disabilities have job choices and career opportunities that are integrated, accessible, equitable, and supported. Employers are well informed of the capabilities of individuals with disabilities and about support practices and accommodations.”

*Increase from the baseline the number of adults with developmental disabilities who obtain integrated jobs as a result of DD program intervention (FY 2000 target: 9,517).
FY 2000 actual (new baseline): 3,788.
[States, responding to technical assistance provided by ADD and by their peers, revised their methods of data collection resulting in the lower number.]*

In ACF, the Administration on Developmental Disabilities (ADD) and its partners in the developmental disability (DD) community have been participating in the development of the “Roadmap”—six program goals and four program-specific outcome measurement areas. ACF's DD grantee partners fall into four complementary groups. Each serves individuals with developmental disabilities and their families in a non-duplicating, unique, and interlocking way:

- State Councils on Developmental Disability (SCDD) in each State promote--through systemic change, capacity building, and advocacy services—in a State-wide, consumer and family-centered, comprehensive system and a coordinated array of services, supports, and other assistance for individuals with developmental disabilities and their families;
- Protection and Advocacy (P&A) systems in each State protect the legal and human rights of individuals with developmental disabilities;
- University Centers of Excellence (UCE) are interdisciplinary education, research and public service units of a university system or are public or not-for-profit entities associated with universities. These Centers provide interdisciplinary pre-service preparation of students and fellows, community service activities, and the dissemination of information and research findings; and
- Projects of National Significance (PNS) is a discretionary program providing funding through grants and contracts to public or private nonprofit entities that create opportunities for individuals with developmental disabilities to contribute to, and participate in, all facets of community life. This program supports local implementation of practical solutions and provides results and information for possible national replication.

In FY 2001, all appropriated funding was made available to State Councils and P&A systems in the States. UCEs are funded for both core funding and also for Training Initiative Projects. Under the PNS, funding is provided under the *eight areas of emphasis mentioned* earlier. Additionally, projects were funded under the Family Support program. In FY 2001, ADD set a target to leverage \$2.4 million from its Federal partners in support of positive outcomes for people with developmental disabilities in terms of employment, housing, education, health, and community support as a result of ADD intervention. To ensure the quality of programs, ADD has continued to provide technical assistance to its partners.

Data Issues

States, State and local school systems and the network of related services providers must be able to sustain their commitment if State targets are to be achieved. As each State is responsible for selecting the performance goals that it will target for a particular year, the number of States that project targets and report on performance varies from year to year.

Various data sources are used to report on program targets and program outcomes, such as annual program performance reports, planning reports, and administrative records. These sources will be tracked through the EDS system. The ADD MIS system based on the results from the EDS will be used to compare targets and actual performance of ADD partners. When anomalies and variations from expected targets occur, ADD will work with individual partners to improve the outcomes reported and gain insight into the reason for an anomaly, both directly and with help from technical assistance contractors. Partners may be requested to pursue corrective actions to ensure that present and future data are valid.

Verification and validation of data will occur through ongoing review and analysis of annual electronic reports, technical assistance site visits, and input from individuals with developmental disabilities, their families and other partners.

Accomplishment

During the past year, ADD achieved a breakthrough in data collection by electronically soliciting annual reports with outcome data from its partners regarding their FY 1999 performance and FY 2000 targets. This greatly facilitated submission and analysis of performance measure data by ADD's geographically dispersed partners. The Electronic Data Submission (EDS) system is now in place and will continue to be used through FY 2002. The system consists of an extranet, using Internet-based technology and password protection. The grantees of ADD submit their reports annually by accessing the Internet, at the following URL: <https://extranet.acf.dhhs.gov>; where they enter a "Grants Extranet ID" and a password to access their portion of the extranet that contains the necessary data entry forms for their reports.

Because grantee submissions can be analyzed quickly and accurately, and readily compared with target data, these automated systems enable ADD to more effectively track data and identify anomalies requiring correction by grantees.

REFUGEE RESETTLEMENT

ACF provides assistance and services to persons admitted to the United States as refugees, asylees, Cuban or Haitian entrants and Amerasian immigrants. The major program goals are to provide resources and technical assistance to States and other grantees in order to help refugees achieve economic self-sufficiency and social adjustment within the shortest time possible following their arrival in the U.S.

The Office of Refugee Resettlement (ORR) provides funding for a broad range of social services to refugees, both through States and through direct service grants, to help refugees obtain employment and achieve economic self-sufficiency and social adjustment as quickly as possible.

Federal resettlement assistance to refugees is provided primarily through a State-administered refugee resettlement program. States provide transitional cash and medical assistance and social services to refugees, and maintain legal responsibility for the care of unaccompanied refugee children.

The Matching Grant program provides an alternative approach to the State-administered resettlement assistance. It provides voluntary agencies the opportunity to use focused intensive employment services, financial incentives, and the flexibility to experiment with creative solutions to the special problems of refugees in order to achieve early employment. The program's goal is to help refugees attain self-sufficiency within four months after arrival, without

access to public cash assistance. This program provides more comprehensive supports during intake and is targeted to families with at least one member deemed employable.

Foreign policy decisions and crises affect the Refugee Program. Its ability to quickly resettle new arrivals depends not only on local job markets but also on the rate of influx and refugees' special needs, educational levels, and English proficiency.

ACF refugee resettlement policies and activities are coordinated with the U.S. Department of State, State and community agencies, the Immigration and Naturalization Service, the Social Security Administration, the U.S. Department of Agriculture's Food and Consumer Service, as well as with TANF, Medicaid and other programs within DHHS.

ORR conducts on-site monitoring of selected States and other grantees to help them achieve improved client employment and self-sufficiency outcomes. ORR targets States that have large refugee populations and that receive significant ACF refugee program funding for monitoring. In monitoring, ORR assists States and grantees to identify strategies to improve outcomes on ORR performance measures and provides technical assistance on implementing program improvements.

<i>Increase the number of refugees entering employment as a percentage of the employment services caseload through ACF-funded refugee employment services by at least 5% annually from FY 1997 actual performance of 46,800. FY 2000 target: 54,176. FY 2000 actual: 48,820.</i>
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In FY 2000, although the aggregate national actual caseload for refugee employment services was greater than the estimated caseload, 28 States' actual caseloads for employment services were less than their projected caseloads. The caseload consists of the number of refugees with whom a service provider had regular and direct involvement during the fiscal year in planned employment-related activities for the purpose of assisting the refugee to find or retain employment. States base their entered employment targets on their projected caseload by attempting to predict refugee arrivals based on past arrival history. However, the variability of caseload size is due to fluctuations in the numbers of refugee arrivals to a State throughout a given fiscal year. At various times during the fiscal year, large numbers of refugees may arrive in the same month. These "bulges" in refugee arrivals strain the employment services system.

Challenge

Some clients in employment services find a job "on their own" and often are not corrected in the States' reporting. Some case discrepant data are being reported because States are struggling with identifying numbers of clients being served during periods of heavy arrivals. In addition, the actual FY 2000 caseload was 7% greater than estimated, resulting in a larger number of refugee arrivals to be served. In some States, more of the refugees served under ORR are hard to place and often need extensive assistance to find a job.

Each year States are asked to set goals which represent continuous improvement over the previous year's performance. States that reach a high employment and self-sufficiency rate of 90% among employable refugees may establish goals to maintain that level of outcome instead of aiming for continued improvement. While States are encouraged to aim at continuous improvement, the goal setting process is a negotiation process. In some cases, because of smaller caseloads than anticipated, the target doesn't increase by 5% or more in terms of real

numbers, but does increase by 5% or more by percentage points. National numbers do not tell the whole story.

Many States significantly increased their performance during FY 2000. Although the number of job placements decreased by 3 percent in FY 2000, 20 States and six California counties exceeded their placements from the prior year. Ten States placed more than 90% of their caseload.

Accomplishments

Thirty-one States increased their FY 2001 target by 5% above their FY 2000 actual performance. Nine States met or exceeded the FY 2000 target. FY 2000 showed significant improvement in the quality of jobs found for refugees. Forty-one States and all the California counties reported higher wages at employment entry than in FY 1999. Thirty-six States reported average wage at employment entry of \$7.00 or above, compared with twenty-seven the year before. Average wage at employment entry in the State-Administered program was \$7.57, a 5% increase from FY 1999 (\$7.20).

ORR staff will continue to negotiate the goal setting process with its partners to arrive at mutually acceptable goals and provide program monitoring and technical assistance where needed. Correcting discrepancies in data will be a priority.

Data Issues

Data are submitted quarterly by all States participating in the State-administered program via the quarterly performance report (Form ORR-6). Data for the Matching Grant are submitted to ACF three times per year on the Matching Grant Progress Report form. Baseline data for all measures in the State-administered program are derived from FY 1997 annual unduplicated outcome data as reported on the annual Outcome Goal Plans. Baseline data for the Matching Grant program are derived from the Calendar Year 1997 Report. Matching Grant unduplicated annual performance data are submitted to ACF in February of each year.

Desk monitoring and tracking of quarterly performance report data occur quarterly in the State-administered program and three times per year in the Matching Grant program. Data are validated by periodic on-site monitoring in which refugee cases are randomly selected and reviewed. Outcomes reported by service providers are verified with both employers and refugees to ensure accurate reporting of job placements, wages and retentions.

SOCIAL SERVICES BLOCK GRANT

The Social Services Block Grant (SSBG) funds are made directly to the 50 States, the District of Columbia and Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands to fund social services tailored to meet the needs of individuals and families residing within the jurisdiction. Grants are determined by a statutory formula based on each State's population.

The SSBG is based on two fundamental principles: (1) State and local governments and communities are best able to determine the needs of individuals to help them achieve self sufficiency; and (2) social and economic needs are interrelated and must be met simultaneously. The SSBG block grant allows its recipients to invest the funds flexibly and includes limited oversight and reporting requirements.

States have substantial discretion in their use of funds and may determine what services will be provided, who will be eligible, and how funds will be distributed among the various services. States use SSBG funds for a range of services, depending on State and local priorities, such as congregate meals, day care for children and adults, foster care services for adults and children and home based services. SSBG funds may also help States improve and integrate services, create community-based partnerships, and stimulate innovations. SSBG funds support outcomes across the human service spectrum and GPRA strategic goals and objectives, e.g., employment, child care, child welfare, adoptions, and youth services.

States reported expenditures of \$3 billion for services that were funded by SSBG (of which 38 percent were funds transferred in from TANF) in 1999. Twelve and a half million individuals in the country received services that were funded at least partially by the SSBG. Of these service recipients, 6.8 million (54 percent) were children, and 5.7 million (46 percent) were adults. Child day care, with the support of the SSBG, served the largest number of recipients. The second largest amount of SSBG funds was spent on child foster care services. A cluster of services provided primarily to elderly adults (including adult day care, adult protective services, congregate meals, and home-delivered meals) was supported by a high proportion of SSBG funds, relative to other sources of funds.

Data from 1999 are considerably more complete and accurate than data from 1998 and previous years. States have allocated many more of their expenditures to the service categories and have left fewer expenditures "uncategorized." The apparent increase in expenditures for many of the service categories is in part due to these improved data. In order to further improve the data, a revised reporting form is currently being developed. SSBG data for FY 2000 will be available in fall 2001 and data for FY 2001 will be available in fall 2002.

Data Issues

Challenge

SSBG data contain multi-year information and some of the dollars spent on services in FY 1999 may have been transferred from previous years or other programs.

States report both total expenditures and SSBG expenditures. Total expenditures include all other Federal, State and local funds for each service that received SSBG funds. The complexity of many States' financial systems makes it difficult for them to provide accurate data on other sources of funds being applied to each of these services. The SSBG report in FY 1998 included data from 50 States and the District of Columbia. Although all States submitted post-expenditure reports, many States were unable to provide information on total expenditures in their post-expenditure reports, so including this item would have excluded many more States from the analyses.

Accomplishment

During this year, the Office of Community Services (OCS) assisted States to improve data collection and reporting. The data received from States are regularly validated. Problems arising through validation are discussed with States and technical assistance is provided where practical. OCS will continue to coordinate with other agencies and organizations to review and assess shifts in funding priorities in order to project accomplishment of ACF performance targets. Five SSBG performance measures were included in the FY 2001 submission of the Performance Plan.

2. Increase independent living

Approach for the Strategic Objective: Empower individuals with developmental disabilities to move into their own homes, increasing their personal control and participation in their community.

DEVELOPMENTAL DISABILITIES (HOUSING)

The DD housing goal: “Increase the opportunities of adults with developmental disabilities to choose where and with whom they live and to have the services they need to support these choices” includes the following outcomes: “Individuals with developmental disabilities have opportunities and information needed to make choices about where to live. People with developmental disabilities have the ability to own their own homes. Living in the community is affordable, accessible, and equitable.”

The number of people with developmental disabilities owning or renting their own homes significantly exceeded the FY 2000 target but fell short of previous years’ performance. State Councils in 35 States and territories reported 7,308 people with developmental disabilities owning or renting their own homes, as a consequence of State Council intervention, which included educating mortgage lenders, training potential homeowners, and funding projects to demonstrate cutting edge practices to achieve improved outcomes.

ASSETS FOR INDEPENDENCE (Individual Development Accounts)

The Assets for Independence Demonstration Program was established by the Assets for Independence Act (AFIA), under title IV of the Community Opportunities, Accountability and Training and Educational Services Human Services Reauthorization Act of 1998, P.L. 105-285).

The Assets for Independence Demonstration Program is a directed, matched savings/investment program for lower-income individuals and families. Participants enter into a Savings Plan Agreement with the project grantee which establishes a schedule and goal of savings from earned income, to be matched at an agreed rate which can be from one dollar to eight dollars for each dollar saved. Matching contributions are made by the grantee at least quarterly from equal parts of Federal grant funds and non-Federal share contributions to the project. Matched savings may be expended for either (1) the purchase of a principal residence by a first-time homebuyer, (2) the capitalization of a business, or (3) expenses of post-secondary education.

The major goals of the program are to design demonstration projects that will determine: (1) the social, civic, psychological, and economic effects of providing to individuals and families with limited means an incentive to accumulate assets by saving a portion of their earned income; (2) the extent to which an asset-based policy that promotes saving for post-secondary education, homeownership and small business capitalization may be used to enable individuals and families with limited means to increase their economic self-sufficiency; and (3) the extent to which an asset-based policy stabilizes and improves families and the community in which they live.

Eligible applicants are private, not-for-profit 501(c)(3) organizations, or State and local governmental agencies or Tribal governments applying jointly with eligible not-for-profit organizations, Credit Unions that have been designated as Low-Income Credit Unions by the National Credit Union Administration, and Community Development Financial Institutions (CDFI), so designated by the Treasury Department or CDFI Fund.

This program is entering its fourth year. A first round of 40 demonstration grants was funded in August and September 1999 for 5-year demonstration programs. In FY 2000, OCS received another \$10 million appropriation with which it made 25 new competitive grants to new applicants and 17 supplementary grants to FY 1999 grantees. These supplementary grants were made to grantees that demonstrated their ability to: raise additional non-Federal share dollars; document successful operation of their project so far; and identify unmet need that could only be met with supplemental funding. Each of these grantees will produce yearly progress reports within 60 days of completion of the program year.

The Secretary will submit interim annual progress reports to Congress using the information in the 40 FY 1999 grantee progress reports. This Report to Congress is the first annual report submitted pursuant to the requirements set forth by Section 414(d)(1) of the AFI statute. This report includes both program and participant information and provides the following information as required by Section 412 of the AFI statute:

- The number and characteristics of individuals making a deposit into an individual development account;
- The amounts in the Reserve Fund established with respect to the project;
- The amounts deposited in the individual development accounts;
- The amounts withdrawn from the individual development accounts and the purposes for which such amounts were withdrawn;
- The balances remaining in the individual development accounts;
- The savings account characteristics (such as threshold amounts and match rates) required to stimulate participation in the demonstration project, and how such characteristics vary among different populations or communities;
- Which service configurations of the qualified entity (such as configurations relating to peer support, structured planning exercises, mentoring and case management) increased the rate and consistency of participation in the demonstration project and how such configurations varied among different populations or communities; and
- Such other information as the Secretary may require in the evaluation of the demonstration project.

The annual reports provide ACF with information critical to developing performance measures and targets. The matched savings/investment program requires lengthy start-up time for grantees to establish the program, identify prospective participants, and established matched savings plan accounts. Then, at least two years are required for investments to mature.

Currently ACF is considering the following areas for performance measurement:

- The number of participants that opened IDA accounts
- The number of participants receiving financial literacy and asset-related services

Section 414 of the AFIA requires the Secretary to enter into a contract with an independent research organization to evaluate the demonstration projects conducted pursuant to the Act, individually and as a group, and lists the following factors to be addressed:

- The effects of incentives and organizational or institutional support on savings behavior in the demonstration project.

- The savings rates of individuals in the demonstration project based on demographic characteristics including gender, age, family size, race or ethnic background, and income.
- The economic, civic, psychological, and social effects of asset accumulation, and how such effects vary among different populations or communities.
- The effects of individual development accounts on savings rates, homeownership, level of post-secondary education attained, and self-employment, and how such effects vary among different populations or communities.
- The potential financial returns to the Federal Government and to other public and private sector investors in individual development accounts over 5-year and 10-year periods of time.
- The lessons to be learned from the demonstration projects conducted under this title including whether a permanent program of individual development accounts should be established.
- Such other factors as may be prescribed by the Secretary.

The AFIA authorizes annual appropriations of \$25 million for the program. Ten million dollars was appropriated for each of the first two years, FY 1999 and FY 2000. For FY 2001, the Congress appropriated \$25 million based on growing support for the program among practitioners, States, and the financial community. At the same time, OCS devoted increased resources to technical assistance, both to existing grantees and to prospective applicants.

ACF continues to work in partnership with selected States and local grantees toward achieving the goals of this program. We have found that a key to successful project implementation is to develop effective, mutually supportive relationships between grantees and their partnering Financial Institutions, and OCS technical assistance efforts are focusing on strengthening these relationships. Other external variables that will continue to impact on the achievement of program goals include the health of the local economy and job availability; systemic barriers to low-income employment such as availability of transportation and affordable day care; support of the banking, business, and foundation communities in providing non-Federal matching contributions; and the availability of support structures that will enhance job retention and advancement of IDA program participants.

Accomplishments

The grantees' Annual Report data reveals that a total of 2,153 accounts were opened during the project reporting period, representing approximately 30% of the projected total number of accounts to be opened during the 5-year life of the project. In the first twelve months, these 2,153 accountholders deposited \$528,521 into their IDA's, an average of \$245 each. That only 29 accountholders made non-qualified withdrawals is a tribute to both the accountholders and the programs supporting them in their pursuit of economic self-sufficiency. Given the fact that the incomes of most account holders were below 150% of poverty, it is noteworthy that these small savings were achieved.

Challenges

IDAs require extra effort by project staff to fully explain the IDA concept, market the program, recruit participants, and adapt program requirements as they face challenges during the implementation phase. Agencies administering IDA initiatives typically must revise outreach and intake strategies several times in order to find the right "marketing message" for their particular target population. This often entails conducting numerous focus groups and surveys with potential clients to assess the best way to explain to the target audience the IDA account structure, program requirements, and recruitment expectations.

Data Issues

Each grantee must provide a plan for collecting, validating and providing relevant, accurate and complete data for internal management information, statutory reporting and project evaluation purposes; and a clearly expressed commitment to cooperate with the statutorily mandated evaluation of the national Assets for Independence Demonstration Program. Under the AFIA, as amended, project grantees are required to use at least 2%, but not more than 15%, of grant funds to provide the research organization evaluating the demonstration project with the information it requires to evaluate the demonstration project.

The Assets for Independence Act allocates a portion of the appropriated funds to evaluate the overall demonstration program, in addition to the funds grantees are required to expend on data collection. The agency requires the grantee to provide a well thought-out plan for collecting, validating and reporting the necessary data in a timely fashion. The grantee is encouraged to identify the kinds of data it believes would facilitate the management information, reporting, and evaluation purposes. The grantee agrees to cooperate with the evaluation of the national program. Grantees are urged to carry out an ongoing assessment of the data and information collected as an effective management/feedback tool in implementing their project. OCS has under consideration a plan to provide all AFIA grantees with a new Asset Development Information System that will greatly facilitate maintenance, collection, validation, and transmission of project data essential to the program evaluation.

3. Increase parental responsibility

Approach for the Strategic Objective: Establish paternities for children born out-of-wedlock and ensure that parents support their children.

CHILD SUPPORT ENFORCEMENT

The mission of ACF's Child Support Enforcement (CSE) program is to assure that assistance in obtaining support is available to children by locating parents, establishing paternity and support obligations, and modifying and enforcing those obligations. The performance targets included in the GPRA plan are consistent with the DHHS goal of self-sufficiency for low-income families through employment and child support collections. The Office of Child Support Enforcement (OCSE) works in cooperation with State agencies to achieve these goals.

The CSE Program is federally funded, i.e., the Federal government pays 66% of State administrative costs and 90% of paternity laboratory costs, but it is administered by State and local governments. The Federal role is to provide direction, guidance, technical assistance, oversight, and some critical services to States' CSE Programs for activities mandated under title IV-D of the Social Security Act. The Personal Responsibility and Work Opportunity Reconciliation Act provided new and effective tools for enforcing child support. These tools are having a significant impact on our ability to collect support.

Welfare Reform: The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) is having a dramatic impact on the child support program. The new law adds major new responsibilities and increasing workloads for both State and Federal staff.

Accomplishments

The Child Support Enforcement program broke new records in nationwide collections in FY 2000, reaching \$17.9 billion. The government collected a record \$1.6 billion in overdue child support from Federal income tax refunds for tax year 2000. More than 2.1 million families benefited from these collections. In addition, a program to match delinquent parents with financial institution records found 1.5 million accounts belonging to more than 879,000 delinquent non-custodial parents nationwide with a value in excess of \$3.1 billion. The number of paternities established or acknowledged was almost 1.6 million in FY 2000. Of these, over 689,000 were established through in-hospital acknowledgement programs. An additional 867,000 paternities were established through the Child Support Enforcement program.

PRWORA provided new tools to the Child Support Enforcement program to secure emotional and financial support for many of our nation's children. Some of the new support enforcement tools are the National Directory of New Hires (NDNH), the Federal Case Registry, Financial Institution Data Matches, State Disbursement Units, activities in Paternity Establishment, and the Passport Denial program.

From January 1, 2001 through March 31, 2001, approximately 696,000 matches were returned from the multi-state financial institutions, based on matching social security numbers. As of June 2001, 4,387 financial institutions are participating in the Multi-State Financial Institution Data Match operated by ACF. As of January 31, 2001, 52 States and Territories (not including Guam and the Virgin Islands) and 146 Federal agencies are reporting data to the NDNH. As many as 60 passports are denied every business day; more than \$7 million in lump sum payments have been collected by States through the Passport Denial program.

PRWORA included significant enhancements of State and Federal data systems. States are now required to have a State Directory of New Hires and a State Case Registry for Child Support Enforcement. Together, the NDNH and the FCR give States the ability to track non-custodial parents across State lines using a complete and automated system. These various tools provided by the welfare reform law generate direct collections and also ancillary benefits. Some States are beginning to use matches provided by the system to locate custodial parents to distribute child support payments. The landscape of child support enforcement is changing because of the speed, efficiency, and effectiveness of this new system.

Incentive funding: The CSE program includes an incentive funding system with a formula based in statute. PRWORA required the Secretary of Health and Human Services to develop a new revenue-neutral, performance-based incentive funding formula in consultation with the States. The old incentive funding system, which pays rewards to States based on cost effectiveness, will remain in effect until FY 2001, while a new system, enacted by the Child Support Performance and Incentive Act of 1998 (CSPIA), began to phase in during FY 2000. During fiscal years 2000 and 2001, the old and new incentive formulas are in operation concurrently. For fiscal year 2000, States were able to earn two-thirds of what they earned under the traditional cost-effectiveness formula. One-third of the \$422 million fiscal year 2000 incentive pool was available to all States to be shared under the performance-based incentive formula. For fiscal year 2001, States were able to earn one-third of what they earned under the traditional cost-effectiveness formula. Two-thirds of the \$429 million fiscal year 2001 incentive pool were available to all States to be shared under the performance-based incentive formula. The formula will be instrumental in driving the CSE program toward achievement of the performance targets in the GPRA plan.

To implement the new incentive system, OCSE has trained States on the incentive measures, the formula for calculating payments and revised data reporting. OCSE's auditors are closely monitoring the ability of States to report reliable data and are also assessing the validity of State-reported data. Data Reliability Audits were completed and adjustments to the incentives were made in September 2001.

ACF has instituted several mechanisms for ensuring internal and external coordination. Child Support reforms are being coordinated at several levels. The Office of Child Support Enforcement was a GPRA pilot and many of the PRWORA reforms have been integrated into the GPRA project activities. The GPRA process involves extensive consultation and collaboration with the CSE State partners. Additionally, there are child support implementation working groups for all major reform activities under PRWORA. These groups are composed of Federal, State and local agency staff and also involve consultation with advocacy groups and national organizations.

DHHS has coordinated efforts to increase parental responsibility through promoting and encouraging father involvement through a Fathers' Initiative that has representatives from all DHHS agencies. Meeting regularly to foster coordination and collaboration across DHHS, this group has established working relationships with many non-governmental groups working to promote more father involvement in the lives of children. The faith-based community has been contacted to help spread the word on parental responsibility and child support services. ACF will continue efforts to broaden parental responsibility, especially the involvement of fathers in the lives of their children, through several means. First, by focusing attention on the fathers' positive role in improving their children's well being. Second, by ensuring that the DHHS research agendas pay adequate attention to the role of fathers in families and the effects of fathering on children's well-being. Third, by using positive messages and language about fathers and fatherhood in publications and announcements; and finally, by ensuring that DHHS' own workforce policies encourage and enable fathers to balance work and family life responsibilities.

OCSE has partnered extensively with a range of Federal agencies/programs and State and local entities. The Expanded Federal Parent Locator Service uses data from the Social Security Administration and Department of Labor to implement the National Directory of New Hires and Federal Case Registry. Treasury's Financial Management Service is a partner in the IRS Tax Refund Offset and the Administrative Payment Offset programs. The State Department is a partner in denying and revoking passports of individuals who meet certain delinquency criteria. OCSE has coordinated with numerous multi-State and in-State financial institutions to identify assets of non-custodial parents. OCSE has collaborated with foundations, community-based organizations and State and local child support programs to launch demonstration projects in 10 sites to promote responsible fatherhood. These three year "fragile family" demonstrations began in March 2000 and total \$15 million including \$10 million in Federal funding. We have provided some funding for the evaluation of the fragile families as well.

OCSE enlisted other ACF programs including Head Start, Foster Care and Child Care to educate clients about child support services. OCSE collaborated with the family violence community to inform service providers of the importance of child support and to ensure the safety of victims seeking child support services.

<p><i>FY 2000: Collect \$20.8 billion in child support collections, an increase of 75% over FY 1996.²</i> <i>FY 2000 Actual = \$ 17.9 billion, a 12% increase from the previous fiscal year. [Preliminary data for FY 2001: \$18.9 billion.]</i></p>

² *High Impact Goal:* This goal was based on a numerical target with an accompanying percentage increase while OCSE's GPRA targets focus on increases in rates of collection in both current and past due child support.

FY 2000: Increase the cost-effectiveness ratio (total dollars collected per \$1 of expenditures to \$5.)
FY 2000 Actual = \$4.21. Baseline FY 1999: \$3.92

The FY 2000 data on the five performance plan measures of paternity establishment, order establishment, collections of current support, collections on past-due support, and cost-effectiveness, were audited for completeness and reliability. The data reliability audits were completed and incentives were adjusted to reflect performance.

Data Issues

State Automated Systems. States currently maintain information on the necessary data elements for the five program measures. Most States use a statewide automated system to maintain this data, but fiscal data may be maintained on a separate State accounting system. All States were required to have a comprehensive, Statewide, automated CSE system in place by October 1, 1997. Fifty States indicate that they currently meet this requirement. Continuing implementation of these systems, in conjunction with clean up of case data, will improve the accuracy and consistency of reporting.

Data Completeness and Reliability. As part of OCSE's certification of automated systems, their ability to produce valid data will be reviewed. Data reliability audits are conducted on an annual basis. Self-evaluation by States and OCSE audits will provide an ongoing review of the validity of data input and the ability of automated systems to produce accurate data.

Challenge

The Audit Division has completed all FY 1999 and FY 2000 audits and issued final reports for all States. Incentives were calculated and adjustments were made to the estimated incentives. States received adjusted grant awards in October. There is a substantial time lag in data availability for completing FY 2001 audits. States have until December 31st to report data to OCSE. The Audit Division plans to complete FY 2001 audits by the end of fiscal 2002. A Final Rule was published December 27, 2000 covering the requirements for the new performance-based incentive funding system, performance penalties, and standards for certain types of audits.

4. Increase affordable child care

Approach for the Strategic Objective: Increase access to affordable, quality child care for low-income, working families.

CHILD CARE: AFFORDABILITY

The Child Care and Development Fund (CCDF) was established under PRWORA to help working low-income families achieve and maintain economic self-sufficiency and to improve the overall quality of child care. PRWORA repealed the title IV-A child care programs and replaced them with new funding administered under the revised Child Care and Development Block Grant (CCDBG) rules and regulations (Section 418 of the Social Security Act).

CCDF is comprised of three funding streams: mandatory, matching, and discretionary funds. States are required to spend at least four percent of their CCDF funds on activities to improve the quality and availability of child care. In addition, Congress earmarked small amounts of the discretionary fund to be used by States for school-age care and resource and referral services,

improved quality, and expanding the availability of quality infant and toddler care. The funds are provided in formula grants to States, which have the authority to make many decisions about priorities, policies, and expenditures in implementing CCDF within the parameters of Federal statute and regulations. Since there is now a single Federal child care program operating under one set of rules, States have the flexibility to serve all families through a single, integrated child care system.

Under the statute governing CCDF, eligible children are defined as those whose parents are working, or in education or training, or who are in need of protective services. Children must be under the age of 13 and reside with a family whose income does not exceed 85 percent of the State's median income (SMI) for that size family. States may serve children 13 to 19 years of age who are under court supervision or are mentally or physically incapable of self-care. In addition, under the new school-age certificate program, young people, up to age 19, may be served. States must spend 70 percent of their CCDF monies to provide child care services for families on, or transitioning off, Temporary Assistance for Needy Families (TANF), or at-risk of welfare dependency. States are also required to give priority to children with special needs and children from very low-income families. In their biennial plans to ACF, States must provide information concerning policy issues such as family eligibility limits, sliding fee scales, provider reimbursement rates, provider health and safety requirements, and activities to improve the quality and availability of care.

Since the passage of PRWORA, one quarter of one percent of the CCDF has been set-aside for technical assistance (TA). The ACF Child Care Bureau's (CCB) TA efforts have included targeted TA and support to States in systems development. The CCB has placed particular emphasis on helping States to: collect, report, and manage child care data; to improve its quality; and to meet Federal requirements for reporting and consumer education. Other technical assistance includes assisting States to develop inclusion initiatives for children with disabilities, building partnerships with the private sector, and establishing successful linkages between child care programs and programs such as health services, early childhood education, and Head Start.

Along with other parts of the PRWORA of 1996, the legislative authority for the CCDF expires on September 30, 2002. Reauthorization may affect ACF's ability to meet the current performance targets and require changes to its GPRA measures and targets.

The Bureau employs a variety of other methods and processes to support State efforts including: consultation, peer consultation, training opportunities, development of written materials, State child care administrator meetings and leadership forums, conference calls, on-site technical assistance, and distributing information memoranda. Through a listserv established by the CCB, State child care administrators communicate with each other, providing peer consultation on emerging child care policy issues.

With the FY 2000 CCDF set-aside of \$10 million for child care research, the Bureau awarded a 30-month contract to develop the National Child Care Research Collaboration and Archive. The archive will help improve the quality of child care research, make data more accessible to researchers for analysis, and assist key constituencies to make better use of research findings. Through its Child Care Policy Research Consortium, the CCB supports research partnerships composed of State administrators, researchers, and practitioners. The Consortium conducts child care research relating to the many policy decisions States must consider daily. In FY 2000, the

Bureau added four new research partnerships to the Consortium, increasing the membership from 13 to 22 States. Studies in progress are examining the duration of subsidies and child care arrangements across eight States; the comparison between child outcomes and parent and expert assessments of quality child care; and the effects of welfare reform on child care supply, parental choice, and economic self-sufficiency of low-income families.

The Bureau awarded 12 grants for field initiated child care research in FY 2000 and a second group of 12 with the FY 2001 appropriation. This research will provide the CCB with critically needed information on child care and its effects on child development and family well being, and will help to develop innovative strategies to meet the needs of low-income families struggling to afford quality child care. In addition, in FY 2000 the Bureau awarded five grants to individual doctoral students to complete dissertations on child care-related topics, and funded one research fellowship through the Society for Research in Child Development. Four new grants were awarded to support doctoral students in FY 2001. Three State Lead Agencies received grants under a new FY 2001 research priority entitled State Data and Research Capacity. The purpose of these grants is to improve the capacity of States to collect child care data and use it for research purposes.

The CCB, in partnership with the ACF Office of Planning, Research, and Evaluation, has awarded a seven-year contract to work with States on a multi-site evaluation of selected child care subsidy strategies. The long-range intent of this contract is to provide reliable information to local, State, and Federal policy-makers about the efficacy of policies and programs related to child care subsidies in promoting outcomes for children and helping low-income families obtain and retain work. Along with this contract, the Bureau awarded a separate task order to conduct a review, analysis, and synthesis of the subsidy-related research that has been completed in recent years. The resulting product will help stakeholders to better understand child care policies and programs in the post-welfare reform context.

Accomplishments

The number of children served by CCDF subsidies from the FY 1998 baseline of 1.51 million increased to 1.87 million. The percentage of potentially eligible children who received CCDF subsidies increased by 2 percent from the FY 1998 baseline of 10 percent.

The number of families working and/or pursuing training/education with support of CCDF subsidies from the FY 1998 baseline of 802,000 increased to 1.04 million.

ACF's Regional Offices continually support State efforts in developing their child care programs. For example: Region III developed a "Back-to-Basics" notebook covering essential aspects of ACF from legislation to State child care statistics. This notebook is used to orient new State child care staff and to reorient current staff. Region VII partnered with Federal, State and community stakeholders to develop a set of health outcomes and measures for the Region VII States' *Healthy Child Care America* projects. Region IV developed, distributed, and implemented a strategic plan to increase full-day, year-round services among State child care agencies, Head Start agencies, State pre-K, and private foundations. Region X is developing agreements with, and guidance for, State partners on techniques of blending child care and Head Start funds. With a similar vision, Region VIII also established a Regional Early Childhood Council consisting of approximately 40 child care, Head Start, and other early childhood representatives. All ACF Regional Offices sponsor child care meetings throughout each fiscal year. For example, the Region VI Mid-Winter Leadership Conference focused on enhancing child care quality and quantity, promoting public-private partnerships, and providing child care in rural areas.

Congress included a \$10 million earmark for child care research in its FY 2001 appropriation. With these monies, the Bureau continued grants initiated in FY 2000 and funded 12 new field initiated research projects and four new doctoral student grants. A new research priority, State Data and Research Capacity Grants, was also announced and grants awarded. These grants will support three State CCDF lead agencies in building their capacity for data collection and policy-related child care research using administrative data. In collaboration with ACF's Office of Planning, Research, and Evaluation, the Bureau is initiating a multi-site evaluation to study the effects of selected child care subsidy strategies.

The goal of this evaluation is to increase knowledge about the efficacy of child care policies and programs in promoting positive outcomes for children and helping low-income families obtain and retain work.

Twenty-six new discretionary grants were awarded to local councils under the Early Learning Opportunities Act. Other FY 2001 activities included the awarding of 10 grants for technical assistance to improve child care facilities and a cooperative agreement for the development of the Center on the Social and Emotional Foundations for Early Learning.

Challenges

The national need for child care assistance continues to outpace available resources. On December 6, 2000, DHHS released a report stating that nationally, in an average month in 1999, only 1.8 million children in low-income families received child care through CCDF. Although this was an increase from the 1.5 million children served in FY 1998, it was only 12 percent of the children eligible for Federal child care assistance. If all States and Territories had set their eligibility at 85 percent of the SMI (the maximum allowed under Federal law) an estimated 15 million children would have been eligible for subsidies in 1999. However, only nine States and Territories set their eligibility limits at the maximum eligibility level (i.e., 85 percent of the SMI). Another nine set the maximum eligibility below 50 percent of the SMI.

Many States, confronted with a great need for child care and limited resources, are forced to make policy choices that focus assistance on certain parents while excluding others who may be struggling to hold onto a modest job without turning to welfare for help. As a result, a family of three earning as little as \$17,352 a year may have too much income to be eligible for child care assistance. States also stretch dollars by establishing low payment rates to providers, or by setting high co-payment rates that may be difficult for families to afford. Almost one-half of the States allow providers to charge additional out-of-pocket costs to parents to compensate for low reimbursement rates. These measures limit parental choice and curtail the ability of families to access quality care. With the economic slow-down, many States report problems that may require reconsideration of policies that have expanded the availability and affordability of child care for low-income families. In addition, some States indicate that they are having trouble generating the State funds necessary to earn their share of the CCDF Federal Matching Funds.

Quality early childhood programs provide a crucial linkage for comprehensive, healthy child development to prepare children to be successful in school and later in life. Quality programs also provide needed supports to parents moving toward self-sufficiency through training and work. Recognizing the importance of comprehensive services, ACF encourages its State partners to create linkages between child care and health, family support, early childhood education, and other services at the State and community levels. ACF continues to collaborate among its internal components, as well as at the Federal level with other agencies to facilitate community-level coordination. Internally, the Bureau participates with the Maternal and Child Health Bureau to sponsor the Healthy Child Care America Campaign; externally, ACF continues to partner with the Department of Labor's Welfare-to-Work program, States (both individually and through national associations such as the American Public Human Services Association and the National Governors' Association), various national child care associations, and the research community.

CCDF grantees have many efforts underway to improve access to child care for low-income families. As work continues in partnership with States to improve data collection, a number of indicators, including informal feedback from grantees, indicate that access to child care for low-income children served by CCDF is increasing. For example, because some States have reduced the level of parent co-payments or have set lower co-payment amounts for the very lowest income families, more families can afford to participate in the program. In their FY 2000-2001 State Plans, 43 States and Territories (86 percent) reported waiving co-pays for some or all families at or below the poverty level. Twelve States said that all families with income at or below the poverty level are exempt from co-pays. An additional 31 States indicated that only some families at or below the poverty level must pay a fee.

In developing early childhood programs, States and communities together craft resources from a variety of sources, including the Child Care and Development Fund, Head Start, Early Head Start, Social Services Block Grant, Title I, Even Start, USDA Child and Adult Care Food Program, State funded pre-kindergarten programs, other State and local funding sources, foundations, charities, and businesses. Collaboration builds on the strengths of each program and blends them together in a coordinated fashion to benefit both children and their families. Collaboration benefits children by promoting continuity in services from infancy through school-age and benefits the parents by ensuring that early childhood programs support work.

In the FY 2000-2001 State Plans, 28 States and territories reported that their Lead Agency partners with the entity responsible for administering State TANF funds. Eleven States indicated that they have developed a single, "seamless" system for administering child care subsidies to all families without regard to eligibility. Seventeen States said they developed initiatives to: promote "one-stop shopping" in which TANF recipients can receive child care and other benefits at a single location; and to ensure effective referrals or linkages among the agencies that administer child care and TANF cash benefits.

Twenty-five States report collaborating with the State Education Department or another public or private entity to expand services for school-age children. Thirty-seven States collaborate with their State Health Department. In an increasing number of States, collaboration involves outreach on health and safety issues to child care providers and efforts to inform low-income families about the availability of subsidized health care. In their plans, 46 States described collaboration with Head Start and 25 reported joint efforts to promote early intervention for children with developmental disabilities. Twenty-six State Lead Agencies reported active collaborations with Tribal communities to improve service delivery to dually-eligible children.

Data Issues

The Federal Child Care Information System (FCCIS) collects all aggregate and case-level data from the 50 States, the District of Columbia, Puerto Rico and the Territories of American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the Virgin Islands, as required by CCDF legislation. States are responsible for compiling aggregate data at the State level and transmitting it electronically via the Internet to the FCCIS. (For the majority of States this is done through an automated child care information system.) All data received by the FCCIS are stored in a national data set. Data standards have been set and training and technical assistance provided to all States and Territories on reporting requirements and submission procedures. Problems with data collection include late submission of data, incomplete data submissions, systems problems, quality controls, and technological delays. Statutory authority limits the type of data the Bureau can collect from States and State flexibility, under the statute governing the CCDF, has led to great variation in State regulations, policies, and standards. This results in numerous challenges for the CCB to produce complete, accurate, and consistent aggregate data. These challenges affect not only the comprehensiveness of the data available, but also the data's reliability and validity.

Throughout FY 2001, the CCB provided technical assistance (TA) designed to improve data submission and data quality. These TA activities include on-site visits; distribution of documents; enhancements to the TA Tracker software; training workshops; and software to help Tribes collect data and administer their subsidy programs.

One major TA resource, the Child Care Automation Resource Center (CCARC) a component of the Child Care Information System Technical Assistance Project (CCISTAP), is used by the States, Territories, and Tribes for interactive and immediate TA to resolve data collection problems. A unique feature of CCARC is the development of two software utilities (Child Care Data Viewer and Tribal Child Care Data Tracker), which enable States, Territories, and Tribes to use the data submitted to the Bureau for their own (local) purposes.

Other resources for States continuing to experience difficulties collecting and transmitting data are on-site TA visits, training workshops, and presentations at various regional and national meetings. In FY 2001, CCISTAP staff completed six site visits, eight tribal cluster trainings, and made presentations at 14 different conferences. Two reporting guides were also prepared by CCISTAP to assist States, Territories, and Tribes to meet the technical requirements (e.g., data quality, sampling, optional data elements) of CCDF reporting. In addition, CCB anticipates that its new State Data Research Capacity Grants will support States in developing their capacity to report accurate data.

Strategic Goal 2:
Improve healthy development, safety and well-being of children and youth

Major Program Areas Under this goal: **Child Care: Quality**
 Head Start: General and Health Status
 Child Welfare
 Developmental Disabilities: Education and Health
 Youth Programs

5. Promote early childhood development

Approach for the Strategic Objective: Provide high quality early childhood programs, such as Head Start or accredited child care programs, so that early childhood experiences enhance children's development and school readiness.

CHILD CARE: QUALITY

In our efforts to break the cycle of poverty and dependency, it is essential to focus both on parents and the next generation. Parents are more likely to succeed in employment and self-sufficiency if they have confidence in their child care arrangements. Beyond issues of health and safety, child care impacts the cognitive, emotional, and social development of children.

Research has begun to document the most important early influences on children's development and factors that contribute to the quality of early child care. For example, the National Institute for Child Health and Human Development (NICHD) Study of early child care, *When Child-Care Classrooms Meet Recommended Guidelines for Quality* (1998), shows that children attending centers meeting professional standards for quality score higher on school-readiness and language tests and have fewer behavioral problems than their peers in centers not meeting such standards.

The study found that children fared better when child-staff ratios were lower and teachers had more training and education. Similarly, a four-year follow-up of children studied in the 1995 Cost, Quality, and Child Outcomes Study, as well as the Carolina Abecedarian Program Study, shows positive long-range effects of quality early childhood services.

ACF works with State administrators, professional groups, service providers, and others to identify elements of quality and appropriate measures; inform States, professional organizations, and parents about the constituents of child care quality; influence the training and credentialing of child care workers and accreditation of child care facilities; improve linkages with health care services and with Head Start; and take steps to improve the quality of child care nationally.

Along with other parts of the PRWORA of 1996, the legislative authority for the CCDF expires on September 30, 2002. Reauthorization may affect ACF's ability to meet the current performance targets and require changes to its GPRA measures and targets. The CCB will work to expand partnerships with States and among early childhood programs to improve quality in early care and education. Close cooperation with Early Head Start is underway to address these populations and to increase the number of infants and toddlers being served by quality early childhood programs. Other activities will focus on building capacity in the field and among Federal staff. In addition, the results of new research grants awarded by the CCB will be used to improve services for infants and toddlers and to demonstrate the impact of quality early care.

At present, States are required to spend at least four percent of CCDF funds to improve the quality and availability of child care and offer additional services to parents, such as resource and referral counseling on selecting appropriate child care providers. In addition to the four percent, funds earmarked for infant and toddler care, quality improvements, school-age care, and resource and referral, must be targeted by States to improve quality and access.

In FY 2001, \$20 million was appropriated for a new discretionary grant program under the Early Learning Opportunities Act. Twenty-six grants were awarded to communities in 18 States, including one Tribe, and one Alaskan Native Corporation. Most of the grantees will implement strategies to improve early learning through parent education, provider training and professional development, and better linkages among service providers within local communities. Several grantees propose to establish better connections between health and child care programs. Others plan to expand the availability of care for special populations including infants and toddlers, children with special needs, and families that require non-standard hour child care.

The CCB also awarded \$2.5 million in discretionary grants for Technical Assistance to Improve Child Care Facilities in FY 2001. Ten organizations around the country, including one Tribe in Alaska, will provide technical assistance to child care providers to improve the quality and supply of child care facilities, including child care for infants and toddlers and children with disabilities.

A cooperative agreement was awarded to a university and its consortium of universities and early childhood organizations for the Center on the Social and Emotional Foundations for Early Learning. The purpose of this five-year project is to support the development of a national center to assist Head Start and Child Care programs to identify and implement practices that demonstrate effectiveness in promoting children's social and emotional competence.

Accomplishments

States continue to expand their innovative uses of CCDF quality improvement funds to assure more children are cared for in environments that support their developmental needs. In their FY 2000-2001 CCDF State Plans, States reported using quality funds to: educate parents about making good child care choices; provide grants and loans to expand the number and quality of child care slots; increase child care provider wages, benefits, and training; and monitor the safety and quality of care.

Approximately 20 States now report offering higher subsidy reimbursement rates to providers demonstrating high quality care. Most States indicated they are working toward a system of professional development for child care providers and workers. Nearly a dozen States have implemented the North Carolina TEACH model combining professional development and training with salary enhancements. State-funded pre-kindergarten programs now exist in 42 States and nearly all States reported efforts to link child care, Head Start, and pre-kindergarten programs more closely together. With their infant and toddler earmarks, States are recruiting additional caregivers; providing health outreach, including training and consultation; offering incentives for provider accreditation and training; and sponsoring specialized training for infant and toddler caregivers. A number of States implemented initiatives to improve the supply and quality of infant and toddler care--some through partnerships with Early Head Start. The CCB will work with States to improve the availability of quality infant and toddler care with the increased infant and toddler earmark in the FY 2001 appropriation.

With CCDF monies, including funds earmarked for school-age care and resource and referral, States reported efforts to improve both the supply and quality of school-age care. These efforts include incentives for providers seeking accreditation, specialized curriculum development, grants to programs seeking to improve the quality of their services, and development of specialized licensing standards for school-age programs. In many States, efforts to improve the quality and supply of school-age care target low-income neighborhoods, and non-English speaking populations.

A GAO study completed in January 2000 entitled, *Child Care: State Efforts to Enforce Safety and Health Requirements*, found that States have increased the resources for regulation and monitoring in recent years and are more likely to report regular monitoring visits to child care centers and homes. Several States have implemented, or are implementing tiered licensing programs that pay higher rates for quality. Such programs help parents to make good child care choices and provide an incentive for improved quality of care.

Increase by 1% (95) the number of regulated child care centers and homes nationwide accredited by a nationally recognized early childhood development professional organization from the CY 2000 baseline.
CY 2000: 9,535

The data needed for reporting performance on two of the three measures related to child care quality, i.e., accreditation of facilities and the awarding of credentials to child care providers and staff are furnished by independent national bodies. These organizations are credible sources of information about provider accreditation and certification. The Bureau established the baseline for the accreditation of facilities measure with CY 2000 data from the National Association for Family Child Care, the National Association for the Education of Young Children (NAEYC), and the National School-Age Care Alliance (NSACA).

Challenges

It continues to be difficult to provide an accurate count of the total number of child care facilities. The language for the accreditation of facilities measure has been revised to measure the number of accredited facilities in relationship to the number of regulated child care centers and homes, as reported by the independent national bodies mentioned above. In February 2000, the Children's Foundation issued a report entitled *The 2000 Child Care Center Licensing Study*, containing the results of a survey of the regulatory offices of the 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands. Data in this report, collected from October 1999 through January 2000, indicate there are 106,246 regulated child caring centers. The NAEYC, one of several accrediting organizations reported 6,830 NAEYC-accredited child care facilities in 1999 and 8,332 in 2000. According to the NSACA, 211 of its member child care facilities were accredited in 2000. Therefore, of an estimated 106,246 regulated child care centers, 8,543 were accredited in 2000 through NAEYC and NSACA. In addition, 992 of the 290,667 regulated family and group child care homes reported by the Children's Foundation were accredited through the National Association for Family Child Care in 2000.

Providing an accurate count of the total number of child care workers is also difficult. No reliable estimate of the number of such workers exists. The ability to provide the total number of workers is hampered by several factors; e.g. no common definition exists for the term "child care worker." The Bureau of Labor Statistics' National Industry-Occupation Employment Matrix includes at least three employee categories applicable to child care workers.

Data Issues

As discussed in Strategic Goal 1, Child Care Affordability, the CCB has worked with States and Territories for several years to develop appropriate and achievable program goals and measures. The goals and measures in GPRA reflect the consensus-building and participatory process.

Some of the child care quality performance measures require new reporting and/or data gathering methods, including obtaining information from national organizations. The CCB intends to address these data issues in several ways. Information relevant to measures already included in State Plans will be used to help tell the performance story. The State Plan Preprint submitted biennially by States has been amended to include additional items related to the Bureau's performance measures.

HEAD START

Head Start is a national program that provides comprehensive developmental education, health, mental health, nutrition and social services for America's low-income, preschool children ages three to five and their families. The basic philosophy guiding the Head Start program is that children benefit from quality early childhood experiences and that effective intervention can be accomplished through high quality comprehensive services for children, along with family and community involvement. Head Start provides diverse services to meet the goals of three major content areas: early childhood development and health services; family and community partnerships; and program design and management. Grants are awarded to local public or private non-profit agencies; the 1998 Head Start Reauthorization made profit-making agencies eligible as well. The community must contribute twenty percent of the total cost of a Head Start program. Head Start programs operate in all 50 States, the District of Columbia, Puerto Rico, and the U.S. territories.

Approximately 1,525 community-based organizations, from Florida to Nome, Alaska and from Puerto Rico to Micronesia, develop unique and innovative programs to meet specific needs, following the guidelines of Program Performance Standards, last updated in January 1998. Approximately 18,500 centers and 48,500 classrooms help to provide comprehensive development services with HHS support under the Head Start program for about 905,000 low-income pre-school children, ages birth to five, including approximately 55,000 children under the age of three served through Early Head Start. Of the children served, 34.5 percent are African-American; 30.4 percent are White; 28.7 percent are Hispanic; 3.3 percent are American Indian; and 2.0 percent are Asian. Sixty-four percent of all Head Start programs enrolled children from more than one dominant language and 20 percent enrolled children from four or more dominant language groups. Head Start programs teach an appreciation of the cultures of all enrolled children and provide culturally relevant classroom and other activities.

The 1994 Head Start Reauthorization established a new program, Early Head Start, for low-income pregnant women and families with infants and toddlers. The program was designed with

the advice of the Advisory Committee on Services to Families with Infants and Toddlers, established by the Secretary of DHHS. The program focuses on four cornerstones essential to quality programs: child development, family development, community building, and staff development. The program is accompanied by a major research effort to identify, develop, and apply measures of quality and outcomes for children and families. In 2000, Early Head Start served approximately 45,000 children in 625 programs around the country.

Accomplishments

In 2001 Head Start added approximately 38,000 new Head Start children and 10,000 new Early Head Start children bringing the national enrollment in Head Start to more than 905,000 children. Besides staffing Head Start centers with staff speaking the same language as the children enrolled, Head Start provides special programs for special populations. In FY 2000, Head Start served more than 135,000 children with disabilities, 15 percent of the total enrollment. Disabilities included visual, hearing, speech, and health impairments, mental retardation, serious emotional disturbances, specific learning disabilities, and developmental delays. In FY 2000, 93 percent of these children had Individualized Education Plans (IEPs).

Head Start provides employment opportunities for children's parents. Head Start programs employ more than 60,000 parents; parents represent one third of the total paid staff in Head Start. Head Start recently awarded a \$3 million grant to the National Center for Family Literacy to enhance Head Start family literacy services, including new efforts to encourage parents to read with their children. A "Ready*Set*Read" Early Childhood Learning Kit was developed with America Reads and the Department of Education and disseminated to every Head Start agency to assure that children are read to daily and have access to books and literacy experiences. In addition, National Training Guides on Child and Family Literacy, Assessment, and Transition to School were developed to provide consistent staff training in core areas of education services. These efforts, combined with ongoing research, program improvement, and staff development initiatives, demonstrate Head Start's commitment to improving the school readiness of low-income children.

The Head Start Bureau (HSB) has formed partnerships with other components within ACF and linkages with other agencies in DHHS. Collaborations at both the national and between local Head Start programs and OCSE has resulted in the establishment of plans to increase the number of voluntary paternity establishments and the number of non custodial parents involved in Head Start programs. A collaborative project between Head Start and OCSE has resulted in approximately 60 Early Head Start Programs receiving Fatherhood Program development training in FY 2001. HRSA and HSB recently signed an Inter-Agency Agreement to support the provision of technical expertise in the area of oral health to both the Head Start Bureau and Regional Offices. Soon to be announced is the awarding of funds to support the establishment of a National Center on the Social and Emotional Foundations of Early Learning. The Head Start Bureau and Child Care Bureau are jointly funding this center. The Head Start Bureau and HRSA Maternal and Child Health Bureau recently signed an Inter-Agency Agreement to fund activities of the National Early Hearing Detection and Intervention Technical Assistance Center. The funding is specifically given to test the feasibility of providing early hearing screening, diagnosis, and intervention services for infants, toddlers, and young children attending Migrant, American Indian, and Early Head Start Centers in Utah, Oregon, and Washington state.

The primary goal of Head Start is to promote the social competence and school readiness of low-income children. The program embraces the comprehensive view of school readiness recommended by the National Education Goals Panel (Kagan, Moore & Bredekamp, 1995). This view encompasses five developmental domains key to school readiness: physical well being and motor development; social and emotional development; approaches to learning; language development and emerging literacy; and cognition and general knowledge. To carry out its primary goal, the Head Start Program Performance Measures are organized around five program goals:

- Enhance children's healthy growth and development;
- Strengthen families as the primary nurturers of their children;
- Provide children with educational, health, and nutritional services;
- Link children and families to needed community services; and
- Ensure well-managed programs that involve parents in decision-making.

Each program goal represents a cornerstone of the Head Start program. The child and family-oriented program goals represent outcomes or results the program is designed to produce. The last three program goals contain the process measures that are key to attaining the first two.

For the first time, Head Start is collecting data on child and family outcomes. The Family and Child Experiences Survey (FACES) is a longitudinal study of a nationally representative sample of 3,200 children and families in 40 Head Start programs. Data sources include parent interviews, staff interviews, teacher questionnaires, classroom observations, and direct child assessments. FACES, designed as a periodic, longitudinal data collection activity, provided the baseline data for 1999. Because of the need to collect longitudinal data (including pre- and post-test and follow-up data on child performance to assess progress), it is not feasible to provide FACES data on an annual basis. However, regular, periodic data collection for additional program quality and outcome measures provided by the Head Start Program Information Report will ensure a regular, national picture of program quality. Current plans project a three-year cycle of FACES data collection. A new cohort of FACES, including a new nationally representative sample of 43 programs, has received OMB approval; data collection began in fall 2000, following children and families for one or two years of program attendance, with a kindergarten follow-up.

Head Start children have been found to be ready for school, having many of the cognitive and social skills that indicate readiness to learn more in kindergarten. Head Start works to narrow the gap between disadvantaged children and all children in school readiness skills during the program year. For example, the proportion of Head Start children scoring close to or above the national mean on an assessment of word knowledge increased from only one in four (24%) when they began Head Start in the fall of 1997 to one in three (34%) in the spring of 1998 – a nearly 40% increase. During the Head Start year, children made significant gains in some areas (i.e., vocabulary and social skills), while showing a need for improvement in other areas (i.e., letter recognition), suggesting that programs could be doing more. By the end of kindergarten, Head Start children show significant gains in knowing letters, writing letters, and writing their names compared to nationally normed data; in other words, their scores improved more than those of the typical kindergartner. Grantees have maintained a high level of employing parents in the Head Start program; nearly 31% of present Head Start employees are parents of Head Start children.

Increase the number of classroom teachers with a degree in early childhood education (ECE), a child development associate credential, a State-awarded preschool certificate, a degree in a field related to ECE plus a State-awarded certificate or who are in CDA training and have been given a 180-day waiver, consistent with the provisions of Section 648A(a)(1) of the Head Start Act. Target for FY 2000: 100% ; FY 2000 actual = 94%.. (FY 1999 Baseline: 93%.)

Challenges

The shortfall in meeting this target is due to a combination of staff turnover and/or limited access to training and credentialing opportunities in certain areas of the country. In partnership with institutions of higher education, Head Start is working to ensure that a majority of teachers obtain associate's or bachelor's degrees in early childhood education over the next few years. More than \$80 million in annual funding has been earmarked to pay for teacher training and to continue to increase staff compensation. Grantees were required to develop plans for using their allocation from the \$80 million to increase the numbers of teachers with degrees. Head Start additionally provided \$3 million in funding to 24 higher education training partnership projects, largely to provide training towards degrees at Historic Black Colleges and Universities (HCBU), Hispanic-serving Institutions of Higher Education (IHE), and Indian-controlled land grant colleges and universities. We also initiated a new 5-year project at \$1 million per year with Wheelock College for higher education faculty development. Teacher's education level is correlated with classroom quality (classrooms have higher-quality language activities, offer more creative activities to children and have higher overall quality as rated by the Early Childhood Environment Rating Scale (ECERS)).

Data Issues

The FACES data collection effort requires a data collection site manager, trained field interviewers and child assessment specialists and, therefore, includes resources for training data collection specialists. On-site quality control visits by trainers occur regularly to maintain reliability of observational assessments. As currently configured, FACES will not provide annual data. ACF anticipates drawing new samples every three years. The initial round of FACES data collection began in the 1997-98 program year, with follow-up for the second program year, 1998-99. This information was used as the baseline data for FY 1999. The second round of FACES data collection began in the fall of 2000 for the FY 2001-2002 reporting period. OMB approval has been granted for this cohort.

Data collection for FACES includes carefully defined collection procedures and methods for maximizing response rates. The methodology includes selecting a nationally representative sample of data collection sites with probability proportional to size; a random selection of a nationally representative sample of Head Start children and families across the country; and a central study processing point for data cleansing, entry and verification. These procedures are specifically noted in Head Start's OMB-approved study design.

For performance measures which are supported, in part, by the Head Start Program Information Report, automated edit checks of most fields are used to ensure accuracy. These data are collected at all sites and there is a 100 percent annual response rate.

6. Improve the health status of children

Approach for the Strategic Objective: For children enrolled in Head Start, provide access to regular medical and dental examinations, immunizations and required medical and dental treatments.

HEAD START: HEALTH STATUS

Head Start emphasizes the importance of the early identification of health problems. Every child is involved in a comprehensive health program, which includes immunizations, medical, dental, and mental health, and nutritional services. The program goal is: Children in Head Start receive health and nutritional services.



The Head Start program has made a considerable investment in measuring program outcomes, particularly in the health areas. When this information is analyzed over time, it demonstrates that grantees are maintaining a high level of effort, especially in accomplishing a nearly 100% rate for child immunizations and rates approaching 90% or better for health examinations.

Head Start sees the need for improvement in the rates of treatment for mental health referrals and receipt of mental health services for children.

Challenges

Since Head Start program enrollees rely heavily on Medicaid services, the Head Start Bureau suspects that levels of reimbursements to providers, particularly dental health providers, are not sufficient to encourage the provision of services to Medicaid recipients. The result is that Head Start children experience delays in receiving such services. Dental treatment targets may be difficult to reach in the coming years as dental providers accepting Medicaid are scarce in some communities. This may also be a factor in mental health treatment for young children.

7. Increase safety, permanency, and well-being of children and youth

Approach for the Strategic Objective: Help children and youth while they are living with their own families, when appropriate. When necessary place children and youth in stable, family-like settings consistent with the needs of each child or youth. Support children and youth with developmental disabilities in individual and small group dwellings that will include them in community life.

CHILD WELFARE

ACF funds a number of programs that focus on preventing maltreatment of children in troubled families, protecting children from abuse, and finding permanent placements for those who cannot safely return to their homes. Programs such as Foster Care, Adoption Assistance, and Independent Living provide stable environments for those children who cannot remain safely in their homes, assuring the child's safety and well-being while their parents attempt to resolve the problems that led to the out-of-home placement. When the family cannot be reunified, foster care provides a stable environment until the child can be placed permanently with an adoptive family. Adoption Assistance funds are available for a one-time payment for the costs of adopting a child as well as for monthly subsidies to adoptive families for care of the child.

The Adoption Incentives program was enacted into law by the bipartisan Adoption and Safe Families Act of 1997. The passage of this incentive program along with State, local and private initiatives focusing attention on the needs of children in foster care awaiting permanent adoptive families, are resulting in unprecedented increases in the number of children adopted from foster care.

The Adoption Opportunities program funds grants and contracts to public and private organizations to facilitate the elimination of barriers to adoption and to provide permanent, loving home environments for children who would benefit from adoption, particularly children with special needs. There are approximately 118,000 children in the public foster care system that cannot return safely to their own homes and parents. About 46,000 of these children are legally free and immediately available for adoption. Such children are typically school-aged, in sibling groups, have experienced neglect or abuse, or have a physical, mental, or emotional disability. While the children are of all ages and races, children of color and older children (over the age of 10) are over-represented. Demonstration grants are awarded through a competitive process to public and private non-profit agencies including State and local governments, universities and voluntary agencies.

The Child Welfare Services program funds grants to States and Indian Tribes to provide services to children and their families without regard to income. Family Preservation and Support

Services, renamed Promoting Safe and Stable Families, focuses on strengthening families, preventing abuse, and protecting children. These grants help States and Tribes operate preventive family preservation services and community-based family support services for families at risk or in crisis, family reunification and adoption support services.

<i>FY 2000: 46,000 children are adopted from the public foster care system. FY 2000 actual = 50,000. FY 1999 actuals = 46,000.</i>
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The Child Abuse and Neglect program assists States to meet their responsibilities for the preventing and intervening in cases of child abuse and neglect. Discretionary funds generate knowledge and research, improve services, collect data, facilitate information dissemination and exchange, and support policy development and the education of professionals in the field.

ACF has undertaken a number of activities designed to improve overall performance in child welfare. Most significant is the publication in January 2000 of final regulations pertaining to aspects of the Adoption and Safe Families Act of 1997 (ASFA), including regulations about foster care eligibility reviews and child and family services State plan reviews. A major initiative has been undertaken by the Central and Regional Office staff to provide training and technical assistance to States regarding the regulatory requirements and improvement of their child welfare services systems. The new rule plays an important role in improving services to, and outcomes for, abused and neglected children, children in foster care, and children awaiting adoptive families. The focus on outcomes in the child and family service reviews builds on the outcome measures developed to meet the requirements of section 479a of title IV-E of the Social Security Act. Each outcome is evaluated by using specific performance indicators as follows:

Safety Outcomes:

- Children are, first and foremost, protected from abuse and neglect.
- Children are safely maintained in their homes whenever possible and appropriate.

Permanency Outcomes:

- Children have permanency and stability in their living situations.
- The continuity of family relationships and connections is preserved for children.

Child and Family Well-Being Outcomes:

- Families have enhanced capacity to provide for their children's needs.
- Children receive appropriate services to meet their educational needs.
- Children receive adequate services to meet their physical and mental health needs.

The systemic factors being reviewed are related to the State's ability to deliver services leading to improved outcomes. The systemic factors include: 1) statewide information systems; 2) the case review system; 3) quality assurance system; 4) staff and provider training; 5) service array; 6) agency responsiveness to the community; and 7) foster and adoptive parent licensing, recruitment and retention.

Challenge

Ultimately, decisions about placing children are made by judges in juvenile and family court systems throughout the nation. Improved judicial handling of child welfare cases will be essential to achieving permanency goals for children. Children in the child welfare system have many medical and mental health problems, while many of their parents are incapacitated by chronic substance abuse, mental health problems, homelessness, limited education, and similar problems. The availability of services from other sectors to meet these needs is uneven. The expansion or contraction of services in various parts of the country will affect our performance. Major changes in assistance programs for low-income families as part of welfare reform will also have an unknown impact on the child welfare system over the next several years.

The new CFS monitoring process is both a substantial improvement and a substantial challenge. While it is much more difficult to determine whether a child is safe than it is to determine, for example, that a date on a court order meets specified time frames, ACF believes the new monitoring process is better and more likely to yield findings that will help States improve those processes where needed. Seventeen States were reviewed in FY 2001.

Accomplishments

States continue to substantially exceed performance expectations in the Adoption Incentive Program. This program, authorized by ASFA, provides incentive funds for each adoption finalized in a fiscal year beyond the established baseline number of adoptions.

ACF is embarking on a set of activities which will make use of performance-based outcome measures. These include the incorporation of outcome measures into the CFS reviews to determine State compliance with statutory provisions; the publication of the second annual report on Child Welfare Outcomes for the States; and the use of AFCARS data in sampling for both the CFS reviews and the title IV-E reviews. ACF's achievements in its focus on outcomes in child welfare activities have been recognized through its selection as one of 15 finalists out of 3,000 applicants in Harvard University's Innovations in American Government competition.

To insure that activities are coordinated with Federal partners which provide many of these services, ACF works closely on achieving its goals with the Department of Justice, the Substance Abuse and Mental Health Services Administration, Temporary Assistance for Needy Families program and other national agencies and organizations whose responsibilities overlap with child welfare services.

In developing and implementing the Family Preservation and Support Program (now reauthorized as the "Promoting Safe and Stable Families" program), and implementing ASFA, ACF conducted and continues to conduct a broad-based consultation process with a wide range of policy experts, advocates, foster and adoptive parents, and other interested individuals to ground its examination of strategies and issues in the daily experiences of participants in the child welfare system.

Data Issues

Both Adoption and Foster Care Reporting and Analysis System (AFCARS) and the National Child Abuse and Neglect Data System (NCANDS) conduct extensive edit checks for internal reliability. For AFCARS, if a State's data fail certain edit checks, the State incurs a financial penalty. An additional 700-edit checks are conducted to improve data quality. All edit check programs are shared with the States. Compliance reviews for AFCARS are currently being piloted and State SACWIS systems are undergoing reviews to determine the status of their operation. As these reporting systems improve, the operationalization of various outcomes has become more refined. Furthermore, as the number of jurisdictions (including the District of Columbia and Puerto Rico) reporting has increased from 32 in FY1995 to 49 in FY 2000 for foster care and from 29 in FY 1995 to 52 in FY 1999 for adoption, the values of the measures change and they more accurately reflect the total population. Because of this improvement in reporting, no data prior to FY 1998 is being included in examining trends.

Challenges

Being able to report data in a timely manner is critical in guiding program improvement to achieve outcomes. The following summarizes why AFCARS foster care data are not available until eight months after the September 30 point-in-time date. AFCARS foster care data for September 30 of any year, under regulation, are reported by the States to ACF electronically by November 14. The data are processed, assessed for errors and compliance with regulatory standards and the results are transmitted back to the States. In order to avoid a financial penalty, States have until March 31 to re-submit their data. The resubmitted data are then processed and the data are made available to the statistical analysts in May. The analysts review the data to determine which States' data are useable in the GPRA plan.

The AFCARS adoption data take a longer time to become available because States can submit data on any finalized adoption at anytime without incurring a financial penalty. Frequently, adoption data are not entered into State information systems for some time after the adoption because the entry does not occur until the final paperwork is received from the court. For example, over 3,800 adoptions finalized in FY 1999 were not reported until the first reporting period in FY 2000, or by May 15, 2000. Because of the requirement of the Adoption Incentive Program that only adoptions reported by the first reporting period in the following fiscal year can be counted for incentive awards, almost all adoptions are now reported within that timeframe, though there are still a small number which are reported in subsequent reporting periods. After data are received (in this case by May 15 of the following year), they still must be downloaded, converted to analytical files and cleaned before they can be included in the GPRA plan.

The NCANDS data take even longer to become available. First, NCANDS is a voluntary system and, therefore, States do not incur penalties for not reporting or reporting data late. More important for this discussion, however, is that reporting only occurs once per year which delays the calculation of recurrence. For example, for a 12-month recurrence rate, for FY 2000 a first report could occur as late as December 31, 2000. To count as a recurrence, a second report can be received as late as December 2001. The NCANDS data are then complied by the States, transmitted to the contractor, converted to analytical files, de-duplicated and cleaned before they are available to include in the plan. By changing the measure to recurrence within six months, the timeline is shortened by one year because the first occurrence can occur during the first six months of the year and the second occurrence only has to occur during the second six months of the year of interest. This makes the data available in early fall of the subsequent year.

Accomplishment

To speed improvement in these data, the agency has awarded funds to develop and implement the National Resource Center for Information Technology in Child Welfare. This Resource Center provides technical assistance to States to improve reporting to AFCARS and NCANDS, improve statewide information systems, and better utilize their data. These activities should result in further improvements in the data over the next few years.

DEVELOPMENTAL DISABILITIES (Education and Health)

(See previous Section on DD (General and Employment activities) for discussion of partnerships, data issues, etc.)

The education goal is: Increase the number of students with developmental disabilities who reach their educational goals.

In FY 2000, Protection and Advocacy (P&A) systems in all 56 States and Territories reported results (defined as 50 or more students) for a total of 10,054 students with developmental disabilities served in more integrated/inclusive educational settings as a result of P&A system intervention. This performance is consistent with FY 1999 results and exceeded the FY 2000 target by 1,300 students. P&A interventions included counseling parents on advocating for their children, negotiating better placements, counseling school systems on the rights of students with disabilities, administrative remedies, and, in extreme cases, litigation.

The health goal is: Improve the health of people with developmental disabilities and increase their access to the full range of needed health care services.

In FY 2000, University Centers of Excellence (UCEs) reported 4,032 health care providers trained to meet the needs of people with developmental disabilities. This drop from 4,100 reported in FY 1999 may be due to the flat funding and increased costs facing UCEs.

YOUTH

The Runaway and Homeless Youth (RHY) Program began in 1974 in response to concern about increasing numbers of runaway youth exposed to exploitation and the dangers of street life. It has subsequently been expanded to assist homeless youth both on a short-term basis and in making the transition to independent living. Fundamental to ACF's approach to youth programs is the concept of positive youth development, which values the contributions young people can make, their strengths and abilities. This approach maintains that youth nurtured by caring adults, given opportunities to become involved in work or education that builds their skills, supported and protected during challenging times, and actively engaged in service to the community can become valuable contributors to the quality of community life.



The RHY Program, re-authorized under the Runaway and Homeless Youth Act of 1999, funds approximately 640 grants for three community-based service programs to help runaway and homeless youth: the Basic Center Program (BCP), the Transitional Living Program for Homeless Youth (TLP), and the Street Outreach Program (SOP—also known as Sexual Abuse Prevention Grants). The Family and Youth Services Bureau (FYSB) administers the RHY programs.

The FY 2001 appropriation for RHY programs was \$84 million dollars. Under the statute, at least 90% of that amount must be spent on service grants. The balance supports a national hot line for runaways, an information clearinghouse, demonstration projects, data collection, on site program monitoring, and other support functions.

- BCP supports local youth shelters that provide emergency shelter, food, clothing, counseling, crisis intervention, and other services for runaway and homeless youth. The shelters try to help reunite youth with their families whenever appropriate and in the best interest of the youth, or arrange for alternative, appropriate and stable living situations.
- TLP was developed in response to the longer-term needs of older homeless youth (ages 16 to 21). The TLP helps such youth develop skills and resources to promote independence and prevent future dependency on social services. Housing and a range of services are provided for up to 18 months for youth unable to return to their homes.
- SOP awards additional resources to organizations serving runaway, homeless, and street youth so they may provide street-based outreach and education to support these young people and prevent their sexual abuse and exploitation.

The size and composition of the young homeless population varies with the economy, local and national demographics, community viability, school quality, family dynamics, and other factors.

Many youth served in the RHY programs seek assistance because of problems with parental substance abuse, emotional, sexual and/or physical abuse and neglect, or other adolescent/parental relationship issues. Others are caught up in the turmoil of adolescence and need support in coping with the stresses in their lives. These factors complicate service delivery, aftercare follow-up, and achievement of desirable outcomes.

Estimates of the number of runaway and homeless youth in the U.S. vary. The U.S. General Accounting Office estimated from 1 to 3 million (1989). The Research Triangle Institute projected that 2.8 million youth living in households in the United States reported a runaway experience during the prior year (1995). The RHY programs are able to shelter and provide face-to-face services to approximately 55,000 to 75,000 youth annually (as counted by formal enrollments in the Runaway and Homeless Youth Management Information System).

<i>FY 2000: Maintain at 95% the proportion of youth living in safe and appropriate settings after exiting ACF-funded services. FY 2000 actual = 83%.³ [FY 1999 actual = 86%.].</i>

Over the past several years, FYSB has sponsored efforts to broaden and re-focus the agency's mission upon "positive youth development." This approach encourages communities to provide the settings and services needed for young persons' healthy growth and development. In many cases, problem behaviors are prevented where healthy alternatives and settings are available. The following "life and character components" are essential in the development of youth working toward a successful and productive adulthood:

- Safe and stable living situations, with access to necessities such as health promotion and treatment;
- A sense of usefulness, industry and competence, of being able to contribute and do something well;
- A sense of connectedness and belonging, of being part of a community and having relationships with caring adults; and
- A sense of power, of having control over one's fate and future.

Accomplishment

If these factors are addressed at the same time as basic needs--such as safety, security, good nutrition and access to health care and other essential services--are fulfilled, young people can engage constructively in their communities and society. A brochure produced by FYSB and its partners, "Toward a Blueprint for Youth: Making Positive Youth Development a National Priority" (also see "Program Coordination, Partnerships and Cross-Cutting Issues"), defines positive youth development, addresses key elements, provides examples from Federal programs, and calls for a concerted effort by public and private agencies, communities, and individuals. The brochure may be found at: <http://www.acf.dhhs.gov/programs/fysb/youthinfo/blueprint.htm>. Following publication, the Federal partners (including the Departments of Labor, Justice, Education, Agriculture, Transportation, Housing and Urban Development, and other HHS agencies) continued discussions on how to advance the initiative, such as exploring ways to improve interagency coordination on program announcements, technical assistance, and research related to positive youth development.

³ "Null values" are excluded from the count. Null values are essentially meaningless records, i.e., "information not provided. Microsoft Access generated null values for this element in FY 99 and 00 whenever a youth profile entry was saved before being completely filled in. However, the software did not force entry or remind the user of the missing information. Some exit records were thus not updated before transmission to the national database. The new RHYMIS-LITE forces complete data entry and, while it allows for saving and exiting before an entry task is completed, will remind the user at a later time that specific files need to be completed. It will also require more specific information for the "Do Not Know" exit situation.

In FY 2001, with regional office involvement, FYSB administered approximately \$75.7 million for the nationwide network of RHY grantees, soliciting and evaluating applications for funding and making awards accordingly; another \$8.4 million was used to provide program support, under the legislative formula mandating at least 90% of the appropriation for direct services.

Regional offices monitor RHY services to improve overall program quality and ensure the attainment of measurable results. Monitoring includes on-site visits by regional staff (support including trained peer reviewers) to each grantee every three years. A network of ten organizations--one in each region--operating under cooperative agreements provide technical assistance and training to help improve the quality of services by grantees. All grantees have access to their services.

FYSB funds the National Runaway Switchboard, a twenty-four hour, seven-day hotline staffed by trained multi-lingual counselors who listen to and counsel youth in crisis situations and connect them with appropriate services (<http://www.nrscrisisline.org/>). The National Clearinghouse on Families and Youth (<http://www.ncfy.com>) provides extensive information and analytical resources to FYSB and the field, publishes newsletters and other documents, exhibits at conferences, and responds to inquiries. Information dissemination also takes place through websites maintained by FYSB, NCFY, the Switchboard, and the technical assistance providers.

Accomplishment

During FY 2001, FYSB has continued to refine and install a more streamlined and relevant data collection system (with a new user interface). The RHY Management Information System is for use by all RHY grantees. Regional staff, NCFY experts, and representatives of the runaway and homeless youth service field worked on the RHYMIS with FYSB and its information technology contractor. Grantees have welcomed the simplified instrument (as well as a reduction of the reporting schedule from quarterly to semi-annually). These changes will produce better data both for GPRA and for FYSB's Report to Congress, and provide information for grantees' use in their own jurisdictions.



Data Issues

Data sources for RHY GPRA measures previously were limited to RHYMIS. The NRS data are gleaned from records of calls in which it is possible and appropriate for NRS staff to gather information beyond the basic facts needed to help the caller. Although the data are not a statistical sample of all calls received during the year, they represent a substantial percentage of youth crisis calls logged and provide a reasonably reliable indication of the situations of many young callers.

A significantly streamlined version of RHYMIS (dubbed "RHYMIS-LITE") was distributed to grantees in spring 2001. An extensive training program was implemented during the second half of FY 2001. Eventually, a web-enabled RHYMIS-LITE will bring the entire RHY network, FYSB, and regional offices into a secure extranet. RHYMIS-LITE, a Windows application with a browser-like interface, has built-in validation, verification and quality assurance routines to help grantees produce high quality data. The RHYMIS Technical Support team interacts with those agencies submitting problematic transfers or failing to report and works to determine the underlying source of difficulty. Grantees are then able to address input problems and re-submit data before the reporting period ends. The RHYMIS technical support team performs a proactive role in familiarizing grantees with the new software and encouraging its use.

FYSB's efforts with grantees to improve reporting software, procedures, and compliance should diminish incomplete record-keeping. The simpler software, interactive help features, and fewer questions overall will reduce workload pressure on staff, facilitate meeting the deadlines, and reduce resistance to information collection.

Compliance and completeness of reporting: Improvements in the RHYMIS software are expected to increase grantee compliance with data submission requirements. The RHYMIS national data submission rate has continued to improve over the past years. This trend is expected to continue as grantees become increasingly aware of the new ease in reporting and the many ways they can use the RHYMIS data to improve their reporting and evaluation processes. FYSB has also engaged in energetic messaging and advocacy among grantees and their allies about the importance of data in telling the RHY story to policymakers and legislators through GPRA and the Report to Congress. Under RHYMIS-LITE, grantees will need less time for reporting and can spend more time helping youth. The reliability of national data should improve considerably.

Challenges

Until RHYMIS-LITE is fully implemented, considerable caution should be exercised in drawing conclusions from national RHYMIS data submitted to date, including performance results, trends, and baselines included in this plan. RHYMIS-LITE is being phased in during FY 2001, with the first half year data entered into the old system and the second half into the new system. It was distributed after OMB approved the new data collection system. The first full year of new data will be FY 2002. FY 2001 data will have to be evaluated as to its usability and the performance conclusions that may be drawn (perhaps from the second six-month reporting period only).

Strategic Goal 3: Increase the health and prosperity of communities and Tribes

Major Program Areas Under this goal: Community Services Block Grant
Family Violence Prevention Program
Low-Income Home Energy Assistance
Native Americans

8. Build healthy, safe and supportive communities and Tribes

Approach for the Strategic Objective: Strengthen local communities through community partnerships and improving civic participation; and increase community development investments so that families can lead healthy, safe and productive lives. Work with Tribes and Native American communities to develop strategies and programs to promote social and economic development and self-sufficiency.

COMMUNITY SERVICES BLOCK GRANT

The purpose of the Community Services Block Grant (CSBG) program is to assist States and local communities in reducing poverty, revitalizing low-income communities and empowering low-income families and individuals to become more self-sufficient. The CSBG Act requires States to pass through 90% of the Federal allotment to eligible entities. More than 85 percent of the more than 1000 eligible entities are Community Action Agencies (CAAs). The Act requires

States and agencies to engage in a wide variety of services and activities based on State or local needs in order to assist low-income families and communities, e.g. employment, education, income management, housing, emergency assistance, nutrition, health and provide coordination and linkages to other organizations in the community. Based on a local needs assessment, local agencies use CSBG funds to leverage resources to coordinate and develop programs filling gaps in their community service system. In 1999, these agencies provided assistance in more than 95 percent of counties to more than 8 million low-income individuals, the majority of whom live below the poverty level, almost half below 75 percent of the poverty level.

Increase by 1% over the previous year the amount in non-Federal resources brought into low-income communities by the Community Services Network (1% increase over previous year FY 1999 target = \$1.36 billion. FY 1999 actual = \$1.92. (50 States reporting in FY 1999 vs. 49 in FY 1998.) FY 2000 target: \$1.38 billion; data is expected to be available March 2002.)

Prior to passage of GPRA, the Office of Community Services (OCS) was in the process of developing a CSBG monitoring and technical assistance strategy to increase accountability. OCS established a task force composed of CSBG State directors, CAA directors and relevant association members, including representatives from Head Start, to oversee this responsibility. The purpose of this task force was to develop and implement a strategy for strengthening the capacity of CSBG agencies and local CAAs to focus on improved program performance and better results for low-income families and communities. Results-Oriented Management and Accountability (ROMA) was a major product of this effort. ROMA focuses on increasing the capacity of local CSBG providers to increase program performance toward achieving results.

A major challenge in developing ROMA was providing the legislatively intended flexibility at the local level while maintaining a tool for national accountability. ROMA allows States and community-based agencies to develop their own objectives and activities based on periodic assessments of community needs and resources within a national goal framework. It provides a tool to continuously revitalize, energize and measure results obtained by the partnerships on the local, State and Federal levels. This framework includes a binding set of six national goals. States and local agencies have the responsibility and opportunity to determine appropriate outcome measures to reflect their efforts to achieve these national goals. The six goals are:

- Low-income people become more self-sufficient;
- Conditions in which low-income people live are improved;
- Low-income people own a stake in their community;
- Partnerships among supporters and providers of services to low-income people are achieved;
- Agencies increase their capacity to achieve results; and
- Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems.

Accomplishments

The national Monitoring and Assessment Task Force (MATF) under the leadership of the the Office of Community Services (OCS) continues to provide technical assistance and support to States to implement ROMA. Work is underway on several fronts: (1) to continue to provide technical assistance for the statewide implementation of ROMA in the form of statewide partnership grants; (2) to strengthen the capacity of State CAA Associations through 5-year grants awarded (now in the third year) to all CAA State Associations; (3) to assist eligible entities through special State technical assistance grants to address complex problems which prevent such entities from meeting performance goals and implementing ROMA; and (4) to insure that all States fully implement ROMA. The ROMA Guide and other technical

assistance materials are available on the ROMA website and technical assistance is offered to insure that ROMA best practices and model programs are available to a broader audience of State and local CSBG agencies.

Partnership is key to the success of the CSBG at the local, State and national levels. At the State and local levels, agencies bring together multiple programs that work together to assist families and communities in need.

Challenges

One of the difficulties in implementing ROMA and performance measurement in general is that each program and funding source has separate requirements and often several different data collection systems. OCS has worked at the Federal level with Head Start and the Low-Income Home Energy Assistance Program, the two largest sources of additional funds to the community services network. This coordination has made it possible to ensure that the performance measurement systems developed by the three programs are compatible with one another and therefore reduce the potential burden on State and local agencies.

ACF/OCS has continued to work to reduce the difficulties agencies have in coordinating programs and client efforts across programs when these programs have separate incompatible databases. For community action agencies, some of which may operate as many as 50 programs--each with specific requirements--trying to work with clients toward outcomes in separate programs and track client success over time involves technology challenges. MATF created the Managing Multiple Data Base Project in response to this concern expressed by local agencies, States and other partners. The first report was presented to the MATF in July 2000.

ROMA utilizes a flexible, "bottom-up" approach to managing outcomes, which allows for variation in the kinds of measures reported. Included in the on-going work with partners and basic to the ROMA approach is the testing of a more extensive set of measures; States began reporting on this broader menu of measures crafted by local agencies in FY 2001. ROMA is more than measurement and reporting: OCS identified core activities as yardsticks to measure ROMA progress among States and local agencies and as focal points for State plan approval, compliance monitoring and program reporting. OCS will help States to conduct such assessments in FY 2001. Training and technical assistance support will be targeted to help States and local agencies conduct these activities that constitute basic ROMA implementation.

Many programs, historically administered by CAAs and other community-based organizations, were eliminated while others were drastically reduced. It was the steady growth in resources in all other sectors that kept the network from a precipitous loss of capacity to respond to the needs of the low-income community. The MATF selected the focus on non-Federal resources given the evidence that these resources are critical for survival and the network's tradition of leveraging CSBG dollars. The levels of non-Federal funding consistently increased since FY 1997. We expect that CSBG funds will continue to leverage increases in non-Federal funds.

Data Issues

The performance data have been collected by the CSBG Information System (CSBG/IS) survey administered by the National Association for State Community Services Programs (NASCSPP). This survey began in the mid-1980's as a voluntary effort on the part of States. A task force of States, local, Federal and national partners developed and continues to revise the survey to ensure that the CSBG program is accountable and that it's work is understandable to policy makers at the local, State and national level. Since reporting is a requirement of the reauthorizing statute, OCS and NASCSPP have worked closely to ensure that the survey captures the required information. Because the CSBG is a Block Grant and States have flexibility in determining their program years, there is substantial lag in reporting. NASCSPP and OCS have

worked closely to ensure that reporting by States is more timely and complete by providing better survey tools and reporting processes.

Technology is a major concern for States and agencies in providing quality data collection and reporting. However, local agencies, typically non-profit organizations whose funds are primarily dedicated to and invested in providing service, view developing and investing in technology as a secondary concern. With the need to track outcomes for families and clients over longer periods of time has come the need for more sophisticated tools. Much of the technical assistance provided by OCS and the States in the past several years has been to assist States and agencies in meeting this challenge.

FAMILY VIOLENCE PREVENTION PROGRAM

The Family Violence Prevention and Services Act (FVPSA) was enacted as Title III of the Child Abuse Amendments of 1984, and has been reauthorized and amended periodically since that time. With each authorization and amendment, the scope of the program's responsibilities have grown.

The Family Violence Prevention and Services Program (FVPSP) is responsible for the administration and oversight of a number of activities pertaining to family violence. Grants are made to each State to prevent family violence and provide immediate shelter and related assistance to victims of family violence and their dependents. Grants are also made to Indian tribes and Tribal organizations for the same purposes. Grants are made to each State Domestic Violence Coalition to help improve and coordinate domestic violence services in the State. On a national level, funds support the National Domestic Violence Hotline. This toll-free-24-hour hotline provides crisis intervention to help callers identify problems and possible solutions, including development of emergency safety plans.

Also, on a national level, the FVPSP office funds a network of national resource centers known as the Domestic Violence Resource Network (DVRNetwork). The FVPSP provides funding to develop and operate a National Resource Center on Domestic Violence and four special issue resource centers: the Resource Center on Civil and Criminal Law (Battered Women's Justice Project); the National Health Resource Center on Domestic Violence; the Resource Center on Domestic Violence: Child Protection and Child Custody; and the National Resource Center to End Violence Against Native Women (Sacred Circle). The National Domestic Violence Hotline (NDVH), under authorization of Section 316 of FVPSA, began in 1996 as a project of the Texas Council on Family Violence and serves as a critical partner in the prevention and resource assistance efforts of the DVRNetwork.

"Family violence" is a broad term encompassing all forms of violence within the context of family or intimate relationships including domestic violence, child abuse and elder abuse. A primary focus of the FVPSP has been to support intervention and prevention targeting domestic violence, or violence and abuse between adult intimate partners. Most commonly, domestic violence involves the abuse of a female by a male partner or ex-partner. Domestic violence is an issue of increasing concern because of its far-reaching and negative effects on all family members, including children. This violence takes a devastating toll on children who are exposed to its cruelty.

Between three and four million children witness parental violence every year. Children whose mothers are victims of wife battery are twice as likely to be abused themselves as those children whose mothers are not victims of abuse. When children witness violence in the home, they have been found to suffer many of the symptoms experienced by children who are directly abused. The FVPSP has also been concerned about the intersection between domestic violence and child abuse within families and with abuse of women in later life, and has provided funding for several collaborative initiatives to increase our knowledge and improve our intervention and response efforts.

The FVPSP State and Tribal grants program authorized by Section 303 of the FVPSA is the primary Federal mechanism for encouraging State, Tribal and local support for implementing, maintaining, and expanding programs and projects to prevent family violence. FVPSP funds continue to supplement many already established community-based family violence prevention and services activities. In particular, these funds have been instrumental in promoting and supporting the development of services in rural and other under-served areas.

Through the FVPSP, State agencies, Indian Tribes, and Tribal organizations receive grants for the provision of emergency shelter services to domestic violence victims and their families. More than 1,500 domestic violence shelters in the United States are primarily available for emergency intervention for victims of domestic violence and their dependents. All domestic violence shelters provide core services including: physical shelter for the protection and safety of the victim and children; crisis intervention hotline services; individual and group counseling; and information and referral services. In addition, funds may be used for related services, such as alcohol and substance abuse prevention, counseling related to family violence, legal assistance through civil and criminal courts, child care services for children who are victims of family violence, and other prevention-focused activities.

Each year, the FVPSP awards discretionary funds to public and private non-profit agencies and organizations to assist in establishing or expanding programs and services for victims of family violence and their dependents. Discretionary funding is typically limited to applicants who specify goals and objectives having national and local relevance. Moreover, the programs must demonstrate applicability to coordination efforts of national, Tribal, State and community-based organizations.

During the past several years, priority funding areas have included: Public Information/Community Awareness grants; stipends to Historically Black, Hispanic-serving, and Tribal Colleges and Universities; grants to support Domestic Violence/Child Protective Services Collaborations; grants to develop demonstration training models for improved access and legal representation; grants to develop services for immigrant, migrant, and refugee battered women; grants to develop strategies for effective response to domestic violence issues within the context of the Temporary Assistance to Needy Families (TANF) Program; and grants to improve health care response to domestic violence.

Data Issues

Current and available data sources and informational systems are inadequate to accurately report on information, resource development and support services in place to assist victims of domestic

violence. ACF is in the early stages of the development of a voluntary aggregate data reporting system for the family violence program with its State and local partners. Moreover, in collaboration with other Federal agencies and State and local partners, ACF has begun to establish a typology of domestic violence services acceptable to all organizations and agencies in the field. These efforts have been supplemented by discussions through the resource center network related to responsibly documenting the impact of efforts at the local, State and national levels.

LOW-INCOME HOME ENERGY ASSISTANCE (LIHEAP)

The percentage of income that low-income households pay for heating and cooling their homes is more than four times the percentage paid by non United States. The Low-Income Home Energy helps to bridge the gap between the energy burden low-income households.



low-income households in the Assistance Program (LIHEAP) of eligible low-income and non

LIHEAP's broad program goals primarily are to assist high-energy burden households and vulnerable households to minimize or alleviate immediate home energy-related health and safety risks. Health risks include death from hypothermia or hyperthermia and increased susceptibility to other health conditions such as stroke and heart attacks. Safety risks include use of makeshift heating sources or inoperative/faulty heating or cooling equipment that can lead to indoor fires or asphyxiation.

LIHEAP is a block grant whereby States, Federal or State-recognized Indian Tribes/Tribal organizations, and Insular Areas receive Federal LIHEAP grants to administer LIHEAP at the local level. As a block grant, LIHEAP grantees have broad flexibility to design their programs, within very broad Federal guidelines, to meet the needs of their residents. LIHEAP grantees have the authority to determine how to implement or target their programs and how best to carry out the purposes of LIHEAP. ACF has a limited role in determining how LIHEAP funds are spent.

All 50 States, the District of Columbia, 128 tribes and tribal organizations, and 5 insular areas received LIHEAP funds in FY 2001. Federal- or State-recognized tribes can apply for direct funding, and their allocations come from the gross allotment of the State(s) in which they are located. Grantees file an annual application. The application includes a plan that describes how they will implement the major program elements and meet the requirements of the "assurances" that comprise most of the statutory requirements. The LIHEAP statute prohibits HHS from mandating how grantees carry out the assurances. By regulation, grantees are the primary interpreters of the LIHEAP statute, and HHS must accept that interpretation unless it is "clearly erroneous."

LIHEAP benefits include the following: (1) heating or cooling assistance (i.e., fuel subsidies) to increase the affordability of low-income households to heat or cool their homes; (2) energy crisis intervention to assist low-income households to cope with weather-related and supply-shortage home energy emergencies, and other household energy-related emergencies; and (3) low-cost residential weatherization and other energy-related home repairs to assist low-income households in safely increasing the efficiency of their home energy consumption, thus lowering their home

energy bills and making their homes more comfortable. LIHEAP benefits are limited to assisting eligible, low-income households in meeting their heating and cooling costs, not their total residential energy bills, which include such things as lighting and appliances.

ACF continues to rely on the activities of its LIHEAP Advisory Committee on Managing for Results, the National Energy Assistance Directors' Association (NEADA), and in-house resources. The ongoing tasks of the Advisory Committee are to:

- collaborate with ACF in developing recommendations on cost-effective performance goals and measures for LIHEAP that will meet the requirements of GPRA;
- encourage, assist, and guide State LIHEAP agencies in measuring and analyzing LIHEAP targeting performance. The goal is to create a "multiplier effect" whereby State LIHEAP grantees can receive peer assistance to replicate efforts of States that have successfully used LIHEAP targeting results in managing their LIHEAP programs;
- identify which States are in the process of implementing LIHEAP performance targeting, and to identify the remaining States' technical assistance needs for implementing LIHEAP performance measurement;
- enhance State program management practices through "Managing for Results." The Advisory Committee has arranged performance measurement training at national LIHEAP meetings and developed "managing for results" materials for State LIHEAP agencies;
- collaborate with ACF about enhancing the section of ACF's LIHEAP that provides information about performance measurement and "Managing for Results." In addition, the Advisory Committee will collaborate with ACF in the development of an electronic forum for LIHEAP grantees to exchange technical assistance requests, plans, experiences, and results of their performance measurement activities; and,
- promote the States' use of state-level estimates of the number of low-income vulnerable households in measuring LIHEAP targeting performance.

For FY 2001, \$1.4 billion in block grant funds and \$300 million in contingency funds were appropriated. All contingency funds were distributed to grantees. In addition, \$400 million in contingency funds appropriated in July 2000 and available until expended were distributed 9/23/2000 and available for use in FY 2001. A final \$154 million from the contingency funds appropriated during FY 2000 and available until expended was distributed in December 2000.

Accomplishment

In addition to Federal funds, almost \$700 million in non-federal "leveraged" funds were available to low-income households, an increase of about \$60 million from FY 1999. Some of these funds are from "public benefit" funds created in the course of States' utility restructuring processes.

Challenges

The LIHEAP Advisory Committee's 2001 *LIHEAP Survey on Managing for Results* will identify which States set LIHEAP targeting goals or other LIHEAP performance goals in FY 2001. Most States agree that measurable LIHEAP performance goals and indicators are useful management tools. However, ACF does not expect the results of the 2001 Survey to show a noticeable increase in the number of States measuring targeting performance for the following reasons:

- **Given that LIHEAP is a block grant, ACF cannot require the States to engage in performance measurement.**
- **States are faced with additional administrative tasks now that a new energy crisis has emerged in the past year.**
 - **A number of LIHEAP agencies are picking up additional responsibilities related to utility deregulation.**

Tight restrictions on State administrative costs have been disincentives to adopting performance goals.

Data Issues

The LIHEAP statute and regulations require minimal data collection. States report annually on the number of applicant and recipient LIHEAP households served in each program component for the previous fiscal year by income level and by the number of recipient households including members who are elderly, disabled, or children under six years of age. States participate in ACF's voluntary *LIHEAP Grantee Survey* on the sources and uses of funds in their LIHEAP programs. ACF receives some financial reporting on the total amount each grantee obligates each year, but no information on the obligation of LIHEAP funds by type of assistance (heating, cooling, crisis, and weatherization assistance) except for the voluntary survey.

LIHEAP grantees are limited to spending no more than 10% of their LIHEAP allotments on planning and administration costs. Thus, they have limited capabilities to redesign or enhance their data collection and processing systems to collect, tabulate, and analyze performance data. The source of data collection about the number of States setting and reaching targeting performance goals is the Advisory Committee's *LIHEAP Grantee Survey on Managing for Results*.

NATIVE AMERICANS PROGRAMS

ACF's Administration for Native Americans (ANA) operates programs mandated to provide grant funding to the full range of Native American populations. ANA is the only Federal agency serving all Native Americans, including over 550 Federally recognized Tribes, 250 Tribes that are State-recognized or seeking Federal recognition, Indian organizations, over 200 Alaska villages, Native Hawaiian communities, and populations throughout the Pacific basin. All Indian and Alaska Native organizations, Native Hawaiian communities, and Native populations in Guam, American Samoa, Republic of Palau, and the Commonwealth of the Northern Mariana Islands are eligible for ANA programs. This includes non-federally recognized Tribes, Urban Indian Centers, small communities in rural areas of Alaska and the Pacific Basin, along with many others such as Alaska Native villages, multi-purpose community-based Indian organizations and consortia. ANA provides grants, training, and technical assistance to eligible Tribes and Native American organizations representing 2.2 million individuals.

Promoting the goal of social and economic self-sufficiency through local self-determination is the cornerstone of ANA's program philosophy. Self-sufficiency is that level of development at which a Native American community can control and internally generate resources to provide for the needs of its members and meet its own economic and social goals. Social and economic underdevelopment is the paramount obstacle to the self-sufficiency of Native American communities and families.

In 1981, ACF collaborated with Tribes and Native communities to develop the innovative Social and Economic Development Strategies (SEDS) program. SEDS is based on the premise that a local community has the primary responsibility for determining its own needs, planning and implementing its own programs, and using its own natural and human resources. In initiating the SEDS approach, ACF developed a framework of three interrelated goals:

- Assist Native American leadership in exercising control over their resources;
- Foster the development of stable, diversified local economies which provide jobs, promote economic well-being, and reduce dependency on social services; and
- Support local access to and coordination of programs and services that safeguard the health and well-being of people, essential elements for a thriving and self-sufficient community.

Through this direct grant funding relationship, Tribes and Native communities have created administrative systems to operate their own social and economic programs, in much the same way as State and local governments.

Challenges

ANA faces unique challenges in formulating goals and measuring results. As a discretionary grant program funding projects designed and implemented at the local level, the differences between projects are considerable in terms of size, scope, community goals, and funding levels. Because Tribes and Native American communities set their own goals and priorities, ACF requests objective progress reports throughout the project period of the grant and an objective evaluation report once the grant has ended. This system provides information on goals and measures, but these are solely unique to the Tribe or community. Each grantee is at a different stage of social and economic development. Administrative and organizational capacity varies greatly among grantees, making more difficult the prospect of developing more "conventional" measures.

Many ANA grants are aimed at capacity-building and infrastructure development for tribes and organizations, particularly through the development of legal codes, courts systems, and revising existing Tribal constitutions. Capacity-building encompasses not only economic development (creation and expansion of businesses and jobs), but also efforts to create new programs as a result of welfare reform. This emphasis on capacity-building ties into the larger ACF goal to facilitate the changes effected by welfare reform by working together in innovative ways. For both economic and social development, capacity-building and infrastructure development are key factors. ANA will continue to work with its partners to develop meaningful GPRA measures--within the context of sovereignty, and available technical and staff resources at ANA--for job creation, economic well-being, and reducing dependency on social services across a diverse mix of project types, Tribes and Native American organizations.

In prior years, ANA funded over 225 competitive grants annually totaling over \$34 million in several grant programs, including Social and Economic Development, Environmental Regulatory Enhancement and Native Languages Preservation and Enhancement. Consultation with all Native American Tribes, communities and organizations is conducted as a central programmatic activity and guides the Commissioner in formulating ANA priorities and goals. This approach directly supports local self-determination and the government-to-government relationship between Tribes and the Federal government. ANA also has established a Traditional Native Circle, made up of Tribal elders and spiritual leaders, to provide a more holistic perspective on issues facing Tribes and Native communities.

Accomplishments

The FY 2001 budget increase provided the necessary resources of \$10.6 million to fund an increase in grants under ANA programs. This increase will provide funds for over 80 additional new grants annually, depending on the type of projects approved under the competitive review process. Based on the rate of elders' participation in prior years, ANA expects by FY 2003 to increase elder participation by approximately 10 new grant projects. The funding will expand training and technical assistance and increase grant application rates and awards to Tribes and organizations that have not received assistance in the past.

ANA coordinates with all ACF program offices on Native American issues. These offices include Head Start, Office of Community Services (Tribal TANF), and the Child Care Bureau. ANA has provided a leadership role on a number of issues within ACF and throughout the Department, including the development of the DHHS Tribal Consultation Plan, the Tribal Colleges and Universities Plan, and other initiatives involving Native populations. The Intra-Departmental Council on Native American Affairs (IDCNAA), located within ANA, coordinates numerous activities and initiatives with HHS agencies, such as the Indian Health Service (IHS), and external departments such as the Department of Interior (DOI). The Commissioner represents ANA as a member of the Domestic Policy Council - Working Group on American Indians and Alaska Natives, an organization that facilitates the development of new initiatives and program coordination across Federal agencies.

ANA has exceeded its targets for FY 2000 and is confident that all targets for FY 2001 will be met due to the provision of consistent technical assistance and the emphasis on the role of Tribal elders in Indian communities. Elders play a key role in Tribal culture by protecting and preserving tribal cultural heritage including language, traditions and life ways. They also play a critical role in guiding youth. Increased elder participation has occurred due to their inclusion in the native language grants awarded and in various SEDS projects that focus on culture. In 1998, with the addition of the Pacific region, the number of T/TA contractors increased from five to six. New contract performance requirements have led to all contractors expanding the variety of technical assistance delivery methods they use. In addition to on-site assistance, contractors offer walk-up, worldwide web, telephone, fax, e-mail and other state-of-the-art delivery mechanisms. Other initiatives under consideration include on-line chats and threaded discussions, electronic newsletters, and CD-ROM training programs.

<i>Increase the number of grants that include elder participation (FY 2000 target: 60). [FY 1999 actual = 55. FY 2000 actual = 62.</i>
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Data Issues

The primary source for data collection for GPRA performance measures is the ACF Grant Award Tracking and Evaluation System (GATES). Funded grants are entered into these systems and a full description of the project as well as the goals and objectives. It will be necessary for ACF to design and perform systematic validation surveys of grant proposals regarding: the types of projects and proposed participants, including trends and changes from other periods; potential applicants' use of technology; and training and technical assistance providers' outcomes and delivery levels. Such surveys will be reconsidered based on FY 2001 recruitment of professional staff experienced in Native American programs and trained on the use of new grant database systems for recording and analyzing information.

ANA will now begin to develop a strategy to validate data and determine if pre-existing data has value for GPRA performance measures. ANA will also work with other ACF programs to identify and develop standardized, cross-program measures.

***Strategic Goal 4:
Build a results-oriented organization***

9. Develop and retain a highly skilled, strongly motivated staff

Approach for the Strategic Objective: Change the way ACF does business by maintaining or increasing values such as effectiveness, efficiency, and diversity while promoting continuous training opportunities.

ACF is committed to being a customer-focused, citizen-centered organization as we provide assistance to America's most vulnerable populations. In doing so, it is essential that we continue to focus on results; provide high quality, cost-effective and efficient services; meet customers' needs and expectations; and use state-of-the-art information technology to improve management and data systems.

The objectives and major administration initiatives for Goal 4 are:

9. *Develop and retain a highly skilled, strongly motivated staff*

10. *Improve automated data and management systems*

Both of these goals respond to reforms in President Bush's Management Agenda. ACF is working closely with DHHS to implement the following reforms:

- **Strategic Management of Human Capital**

Delaying management levels to streamline organizations and reshaping organizations to meet a standard of excellence

- **Competitive Sourcing**

Making greater use of performance-based contracts

Expanding A-76 competitions and more accurate FAIR Act inventories

- **Improved Financial Performance**

Achieving "clean" audit opinions throughout government and providing more accurate and timely financial information to secure the best performance and highest measure of accountability

- **Expanded Electronic Government**

Expanding electronic Government applications and other E-Government services

- **Budget and Performance Integration**

Making Government results-oriented—guided not by process but by performance

Strategic Management of Human Capital For the last few years, ACF has highlighted in the GPRA plan how we are working to address human capital issues. We have strived to achieve a higher standard of excellence through increased emphasis on training of staff as well as realignment of staff functions in a more customer-friendly configuration (e.g., the co-locations of grants staff with program offices to work as a team with grantees and their clients). Our attempt to “develop and retain a highly skilled, strongly motivated staff” (Objective 9) has been tracked by GPRA since FY 2000. Over the past few years we have also pursued efforts to delayer management levels and streamline the organization.

Competitive Sourcing ACF currently contracts out several major activities either to private vendors or to the Program Support Center (PSC) within DHHS: information technology (IT help desk support; human resources services (personnel, employee relations, employee assistance and select EEO activities such as investigations, counseling, court reporting services, etc.); administrative services (mail, transportation, incidental labor, management of employee transit benefits in the regions and regional space management); and financial services (all ACF procurements and the credit card program; and, in some ACF components, some aspects of the grants process, including intake, review of applications, etc.). In order to meet the 5% goal of expanding A-76 competitions set forth by OMB for FY 2002, ACF will continue outsourcing the functions it has previously identified.

Improved Financial Performance Federal agencies’ financial statements are audited to reassure the public that they have fairly and accurately represented their financial condition. A “clean” and timely audit opinion on these statements is essential if decision makers within the agency and at OMB and Congress are to use that information to make their decisions. ACF received a “clean” or unqualified opinion from the auditors for fiscal years 1999 and 2000—a major accomplishment that contributed significantly to the Department’s clean audit opinion. Nevertheless, we know this is only one step, albeit a significant one, toward financial accountability to the public. ACF recognizes that while we have achieved a clean opinion for two years, improvements to our accounting systems and services are still needed, especially with required compressed deadlines beginning with the FY 2001 audit cycle.

ACF is committed to better linkage of financial management systems and data to program performance and results. We recognize the need for more accurate and timely data to provide financial and program managers needed information for informed decisionmaking. We anticipate the accomplishment of an integrated financial system in the Department that will help us have access to the type of data that is critically needed to help managers know where resources can have the greatest impact on our programs and client populations. Likewise, OMB requirements for future quarterly financial statements, accelerated end-of-year reporting, comparative financial reporting, and reports that integrate financial and performance information should provide better financial accountability through the Federal Government and to the public.

Expanded Electronic Government Objective 10: Improve Automated and Data Management Systems responds directly to this Presidential management reform. The Grants Administration Tracking and Evaluation System (GATES) captures, validates and stores all information now submitted by grantees or potential grantees using government forms. This information includes grant applications, funding requests and performance reports.

ACF has a major initiative under way for better managing e-government activities. Currently, ACF is upgrading its infrastructure and business practices and is making e-government an integral part of the business processes.

Budget and Performance Integration Head Start has been identified as a pilot program for this reform. In addition, ACF will be working with the Department and other OPDIVs to facilitate the integration of budget and performance information.

ACF's goal of becoming a more results-oriented, citizen-centered organization has brought about changes in our internal management. Efforts in recent years include:

- Reinventing the regional office structure to locate resources where partners most need them;
- Developing and implementing diversity and minority initiatives that allow for alignment of the workforce with the goals and priorities and help us achieve our diversity objectives that reflect all groups including our most under-represented populations;
- Developing an agency training strategy and implementing a new desktop Distance Learning training capability across the organization;
- Establishing a presence on the World Wide Web;
- Reengineering the grants management business process to improve service to partners and achieve greater efficiency;
- Surveying partners and customers for assessment and guidance on the quality and appropriateness of ACF's services; and
- Establishing an ACF-wide Workforce Analysis Workgroup which made recommendations to senior staff for the most efficient and effective utilization of the ACF workforce in accomplishing ACF's priority results and other mandates now and into the future.

Accomplishments

Examples of strategies that have proven most successful in strengthening ACF as a results-oriented and citizen-based organization include:

- Achieving two consecutive years of "clean" (unqualified) audit opinions of its annual audited financial statements (FYs 1999 and 2000);
- Implementing the *Balanced Scorecard* to expand its performance measurement system to include *customer service feedback*, *employee satisfaction* as well as its program measurement system focused on results; and
- Participating in the American Customer Satisfaction Index (ACSI), an index which has measured customer satisfaction with goods and services in the private sector since 1994.

Challenges

During FYs 2000 and 2001, ACF confronted dangerously shrinking staff levels and a loss of knowledge and skills due to attrition and separations. These combined challenges, within an agency over half of whose workforce are eligible to retire in the next five years, temporarily refocused our efforts from initiatives of streamlining staff and decreasing the manager to staff ratio to developing a highly skilled, diversified staff to carry out its mission in the twenty-first century.

To address these issues, ACF developed an agency training strategy that provides training for new hires and increases and broadens technical and non-technical training opportunities for existing staff, and a diversity and minority initiative to ensure that ACF's workforce reflects all groups including our most under-represented populations. ACF's aim is to build, sustain, and

effectively deploy a skilled, knowledgeable, diverse, high performing, technology advanced workforce to meet the current and emerging needs of the government and those we serve.

Each ACF staff member participates in at least one Distance Learning or other training opportunity directly related to increasing his/her job skills.
FY 2000 target: 100%: FY 2000 Actual: 93%.
[1400 ACF employees participated in some training opportunity during FY 2000.]

Throughout the agency, staff received numerous training opportunities related to the programs that they administer and the administrative functions that support the programs. ACF staff received the following types of training through all possible means--from traditional classroom courses, conferences and mentoring to distance learning via on-line courseware or videoconferences:

- program policy, regulations, reviews and on-site monitoring;
- management, supervision and team leadership;
- grants and project management and application reviews;
- customer service, diversity and performance management;
- computer applications and computer security;
- e-government, web development and videoconferencing; and
- administrative systems such as ITAS, TMS, Personnel, and budget planning/execution.

The most recent results of the Secretary's Quality of Work Life Survey on Organizational Climate, also called the Human Resource Management (HRM) Index, administered by the DHHS summarizes employees descriptions of their work environment. For 2001, ACF had a response rate of 56%, one of the highest response rates among all DHHS, with a total of 808 employees responding. Key HRM Index survey findings include:

- 55% of ACF employees stated that their energies and abilities have been used in an effective manner. This is an increase from last year, with 51% responding favorably.
- 64% of ACF employees said that others see the work of their group as highly effective. This is an increase from last year, with 62% responding favorably.
- 59% of ACF employees said that some or strong encouragement is given to try new approaches for getting the work done. This is an increase from last year with 56% responding favorably.
- 64% of ACF employees stated that information is communicated to their work group in a timely fashion.

During FY 2001, ACF analyzed information gathered for work force planning purposes in order to accurately gauge and project current agency workload, current employees' competencies, estimated future workloads and future competency needs for the next 3 to 5 years. ACF developed a draft restructuring plan and submitted it to the Department in June. ACF will develop and begin implementing an action plan to address any identified gaps in the staffing needed to complete core workloads or in employees' competencies. These efforts will help us identify additional measures to be included in future GPRA performance plans for tracking progress in this area.

10. Improve automated data and management systems

Approach for the Strategic Objective: Continue to invest in systems improvement and technology to allow ACF staff to move forward in a working environment which increasingly requires that all employees have access to and use the Internet as an integral part of day-to-day agency operations. With continued investments in upgrading hardware and software, ACF will assure that staff have access to information and technology and run the applications that are critical to performing their jobs in an Internet-oriented age.

In FY 1996 and FY 1997, ACF completed developing and implementing GATES system functions supporting application, evaluation, award and funds control activities for discretionary grants made to non-profit and Native American organizations. In FY 1998, 22 legacy systems were replaced. The FY 1999 target was to replace 15 additional legacy systems. The deployment of the entitlements portion of GATES in June 1999 completed the replacement of the additional 15 systems. Now 100 percent of the active ACF grants are being processed electronically in GATES. Replacement of these legacy systems with GATES also corrected the Year 2000 programming flaw embedded in them. All Y2K system replacements were completed by December 31, 1999.

ACF completed the full functionality planned for GATES. The Audit resolution tracking process was implemented in GATES and the old system shut down in August of 2000. ACF adopted the Crystal Report Writing software that allows the user community to retrieve information in GATES efficiently and quickly. Both standard and ad hoc reporting retrieval is possible. Crystal Report writer licenses have been distributed and training conducted throughout the ACF grant and program offices. Additionally, OIS has set up a Crystal Report support system to assist users with the development and usage of the standards and ad hoc GATES reports. This was implemented in June 2000. Enhancements for tying in to the Bureau of Census' Federal Clearinghouse, as well as debt collection capabilities, are underway. We are in the process of finalizing the requirements for the Clearinghouse and are setting up the interface protocols with the Office of Inspector General and our Kansas City Regional Office as the test. We are probably a year away from implementation of the debt collection function which is under development planning review.

<p><i>In FY 2000, replace the audit system; provide a user reports retrieval capability. FY 2000 actual= 100%. Implementing the GATES II system will be completed in phases/availability of FY 2001 data: June 2002.</i></p>
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ACF's Approach to Performance Measurement

ACF and its partners began "focusing on results" before GPRA was in effect. Efforts to reach consensus on outcomes prompted extensive discussion of strategic objectives, legislative requirements, data sources and availability; led to a fuller understanding of outcomes and the relationships to process and output measures; and fostered closer partnership collaborations.

Projected results and impacts vary across goals and objectives depending on the nature of the issues, the identification of appropriate measures and the ability to collect the data. In areas where results are quantifiable and data are available, ACF can report results on a more timely

basis. In other areas, where outcomes are qualitative or more complex, additional efforts are required to achieve consensus on appropriate outcomes and measures of success, and to design, develop and implement systems for data collection.

ACF has preserved the original goals and objectives of its overall mission and many individual program goals have remained constant. Continuous program improvement requires ongoing consultation, technical assistance, and coordination across partnerships resulting in some performance measures being modified, dropped or replaced.

OIG List of Mission Critical Management Issues

In accordance with the Reports Consolidation Act of 2000, the Department's Office of Inspector General has identified the following mission critical management issues for ACF. They include one issue specific to ACF's Office of Child Support Enforcement (OCSE) and another that affected all Department OPDIVs--the Protection of Critical Infrastructure. ACF was asked to comment on the OIG's assessments.

Child Support Enforcement

Management Challenge

The goal of Office of Child Support Enforcement (OCSE) is to support families in their efforts to attain and retain self-sufficiency. OCSE and the OIG established multi-agency, multi-jurisdictional task forces to identify, investigate and prosecute the most serious non-support cases. To help improve the efficiency and effectiveness of program operations, the OIG completed a number of studies on OCSE issues where program vulnerabilities existed.

Assessment of Progress in Addressing the Challenge

In response to OIG recommendations about ways to improve the effectiveness of the child support program, OCSE has offered technical assistance to States focused on implementing the recommendations. Additional efforts have been made to ensure the Department complies with Executive Order 12953 and acts as a model employer in the area of child support. OCSE is also using OIG recommendations to design demonstration programs on the issue of order establishment and compliance.

Management's Comments in Brief:

In FY 2002, the Office of Child Support Enforcement (OCSE) in the Administration for Children and Families is supporting the efforts of the Inspector General described in the Assessment of Progress section. OCSE continues to operate and expand the number of OCSE PSOC (Project Save Our Children) screening units throughout the country to a total of 11. Recently, the sixth Task Force was opened in the Atlanta region. Four additional Task Forces are scheduled to open in FY 2003. This expansion will fully extend the PSOC operations nationwide and provide service to the remainder of the States. The volume of cases processed by the screening units is

expected to triple this year to over 3000. Outreach efforts to States and the local law enforcement community will reinforce currently existing relationships and forge new ones in the newly expanded areas. Our ongoing training partnership with staff from the Department of Justice (DOJ), the U.S. Attorney's Office, State agencies and the OIG, while shifting this year from a centralized approach at the DOJ National Advocacy Center to a more local level collaboration, will continue to be supported by all parties.

Protection of Critical Infrastructure

Management Challenge

Through Presidential Decision Directive (PDD) 63 and the Government Information Security Reform Act (GISRA), the Federal Government has been mandated to assess and report on the vulnerability of controls in place to protect assets critical to the Nation's well being. The events of September 11 greatly heightened the importance of protecting physical and cyber-based systems essential to the minimum operations of the economy and Government. Due to its major responsibilities for public health and safety, the Department has been identified as a Tier I agency, signifying a dramatic negative national impact should HHS systems be compromised.

Assessment of Progress in Addressing the Challenge

HHS has made much progress in securing the most critical of essential assets. Core requirements for security controls were established and distributed, and systems architecture documents are being developed. However, recent OIG assessments (PDD-63, CFO, and GISRA) found numerous information systems general control weaknesses in entity-wide security, access controls, service continuity, and segregation of duties. A collective assessment of deficiencies in Medicare systems resulted in the reporting of a material weakness in the FY 2000 HHS financial statement audit. While OIG has not found any evidence that these weaknesses have been exploited, they leave the Department vulnerable to: (1) unauthorized access to and disclosure of sensitive information, (2) malicious changes that could interrupt data processing or destroy data files, (3) improper payments, or (4) disruption of critical operations.

Management's Comments in Brief:

ACF has only one system, GATES, that was identified as a critical asset for purposes of Presidential Decision Directive (PDD) 63, but has many systems that are vital to the mission of the agency. ACF established an Information Technology Security Unit (ITSU) to address IT security concerns, including those in PDD-63, and has developed Mission, Vision, and Core Values Statements to guide the office. ITSU staff:

- Implemented a Surf-Control Program that blocks employee access to unapproved Internet web sites;
- Implemented an Intrusion Detection Program that monitors ACF's network for unauthorized access attempts, denial of service attacks, and other potential security incidents;
- Worked with HHS departmental and ACF network staffs to tighten network firewall controls; and

- Has implemented business hour monitoring of all ACF firewalls, intrusion detection, and surf-control programs.

In addition, the ITSU staff have developed drafts for a number of IT security documents that are currently undergoing ACF review, e.g., policies and procedures for IT security incident response and handling and for requesting and assigning access rights to ACF systems.

ITSU also worked with ACF staff agency-wide to identify which ACF systems required the development of System Security Plans (SSPs). Once the systems were identified, ITSU contracted to provide training to ACF staff assigned responsibility for developing SSPs for their organization's systems. ITSU issued SSP templates and lead the effort that developed some 40-50 draft SSPs that are being reviewed prior to finalization.

Finally, ITSU has established an agreement with the National Institute for Standards and Technology (NIST) to have their Computer Security Expert Review Team evaluate ACF's IT security efforts and develop a comprehensive multi-year agency IT Security Program Plan.

Part II

Financial Statements and Supplemental Information

PART III

INDEPENDENT AUDITOR'S REPORTS